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NEWS SUMMARY

GENERAL

BR may lose £90m because of strikes

British Rail told unions it exceeded its external financing limits for this year by more than £50m mainly because of train drivers' strikes. If the strikes continue for the rest of the month, the overshoot will rise to over £90m.

Aslef, the train drivers' union, refused to attend a Rail Council meeting yesterday to hear BR spell out the strikes' financial effects.

Another strike today is expected to halt all BR services. Back Page

Envoy ambushed

West German Foreign Ministry said gunmen ambushed and shot at Jens Petersen, its ambassador to Iran, on his way to the Tehran embassy. He was slightly hurt.

Zimbabwean held

Zimbabwe Government ordered white MP Wally Stuttaford, 61, accused of plotting a coup, to be detained indefinitely without trial. Crisis of Confidence, Page 3

Civil Service cuts

Civil Service strength has been cut by 4,400 since October 1 bringing the total reduction to 56,900 since the Government took office. Page 6

In reverse

Car number plates will carry the year letter first on 1983 registrations. Transport Secretary David Howell announced. Page 6

Call on benefits

Child benefit should be increased £1.50 or more in the Budget in preference to general tax reductions, the Bow Group told the Chancellor. Page 3

M-way fight lost

Protesters lost their High Court battle to halt plans to use the Darenth Valley, a Kent beauty spot, for the Swanley to Sevenoaks sector of the M25.

Baby sale fears

Unlicensed and uncontrolled embryo banks may be able to sell babies under present laws, warned Pontypool MP Leo Abse.

Damages award

Joan Dwyer of Banbury, Oxford, crippled for life by an over-prescribed painkilling drug, was awarded £100,000 damages in the High Court.

Husband poisoned

A woman who took a 14-year-old boy lover and then poisoned her husband, was jailed for a year by Winchester Crown Court on a majority verdict. She was cleared of attempted murder.

Erika's influence

A sailor fined £100 for streaking on the pitch before a Newcastle-Grimsby FA Cup tie told magistrates he was influenced by Erika Roe's topless streak at Twickenham.

Sizzling start

Chefs cooked more than a ton of sausages for morning commuters at Waterloo station, to launch British Sausage Week.

Briefly . . .

Jeremy Thorpe, former Liberal leader, was appointed director of Amnesty International's British section.

Premier Mrs Thatcher will unveil a plaque of herself at her old school in Grantham.

Driving test fees go up from £10.30 to £13 from March 1.

Millionaire John Hay Whitney, a former U.S. ambassador to London, died aged 77.

BUSINESS

Equities off 7.4; gilts fall by 0.47

• EQUITIES followed Wall Street's early sharp fall to close at the day's lowest. The F.T. 30-share index dropped 7.4 to 570.7. Page 28

• GILTS also weakened but rallied after the surprise announcement of new Government funding. The Government Securities Index lost 0.47 to 64.68. Page 28

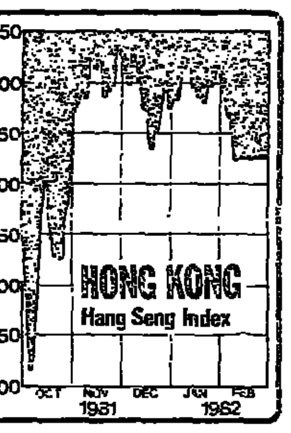
• GOLD fell $5.5 to $378.75 in London. In New York the Comex February close was $379.5. Page 22

• STERLING was mostly firmer. It rose 25 points to $1.8615 and improved to DM 4.395 (DM 4.3625), SwFr 3.5325 (SwFr 3.5073) and FFr 11.16 (FFr 11.0975). Its trade weighted index was 91.9 (91.6). Page 22

• DOLLAR traded stronger. It rose to DM 2.3595 (DM 2.346), SwFr 1.8975 (SwFr 1.886) and Y234.75 (Y233.6). Its trade weighted index was 111.7 (111.3). Page 22

• WALL STREET was down 12.32 to $37.71 near the close. Page 26

• HONG KONG: Uncertainty over the future of the British colony sent share prices to their



lowest level for four months. The Hang Seng Index lost 43.31 to 1,322.39. Page 22; Uncertainty flusters investors, Page 3

• BNOC cut North Sea oil price by $1.50 a barrel from midnight. Page 6; Tehran confirms price cut, Page 3

• PRESIDENT REAGAN'S Budget proposals for 1983 met hostility from Congressional leaders and scepticism from Wall Street. Back Page; Budget details, Page 4

• BANK OF ENGLAND launched a £750m short tap, 13½ per cent Exchequer 1987 "A" issued at £93.25 per cent. Back Page and Lex

• U.S. DEFENCE SECRETARY Caspar Weinberger issued a strong call for restrictions on trade technology and credit to the Soviet Union. Page 4

• NEWMAN INDUSTRIES, electric motors and engineering products group, is to merge its troubled UK ceramics interest with Weymek, a private pottery company. Back Page; News analysis, Page 18

• KAISER STEEL of the U.S. reported a loss of $437.4m (£234.97m) for 1981, against a profit of $191.5m previously. Page 23

• DU PONT, the U.S. chemicals group which acquired Conoco last year, reported net operating income up from $744m to $1.08bn (£580m) in 1981. Page 23

• SWISS VOLKSBANK net profits fell from SwFr 63.9m to SwFr 36m (£10.19m) in 1981. Dividend is halved. Page 24

• MANCHESTER SHIP Canal Company reported pre-tax losses down from £3.22m to £2.43m for 1981. Page 18; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Amstrad	240	+ 10
Assoc Fisheries	78	+ 5
Chemring	295	+ 7
Dale Elec	77	+ 3
Eagle Star	348	+ 4
Hallam Sleigh	13	+ 2½
Lep Group	295	+ 10
Marshall's Universal	80	+ 8
Martin Newsagent	290	+ 8
Milford Docks	158	+ 8
Sangers	45	+ 3
Standard Ind	46	+ 10
Stocklake	128	+ 7
Willis Faber	403	+ 10
Lennard Oil	28	+ 3

FALLS

Treasury 12% 1987	£94	− ½
Exchequer 15% 1997	£100	− ½
BAT Inds	243	− 5
Boustead	94	− 9
Currys	184	− 12
Davies and Newman	76	− 4
Dowty	119	− 7
Eurotherm	9	− 3
GEC	838	− 12
Hawker Siddeley	334	− 8
Lucas Inds	212	− 9
ML Hldgs	290	− 15
Plessey	367	− 5
Smiths Inds	350	− 10
Standard Telephones	455	− 10
Candecca	193	− 12
Bougainville	70	− 5
Gold Fields S Africa	£33	− 1
MIM	151	− 7
Peko-Wallsend	335	− 15
Pengkalen	375	− 75
Winkelhaak	£12	− 2

Closure threat to Times Newspapers

BY JOHN LLOYD AND IVO DAWNAY

TIMES NEWSPAPERS lurched into crisis again last night. Mr Rupert Murdoch, the company's owner, told the 2,600 employees that 600 jobs must go within days, or the newspaper would close.

One year almost to the day after completing his takeover of the Times, the Sunday Times and the Times supplements, Mr Murdoch has again used a threat of closure.

He used the tactic when buying the titles and again last September when machine managers shut the papers for a week.

In a letter to the staff last night, he said most of the 600 redundancies called for must take place at once. The rest would follow as the papers switched to computerised typesetting.

He said the company was losing money at a rate of £12m a year, and that "due to interruptions both internal and external, together with delays in implementing previous agreements, the loss this year will be £15m, not counting the cost of redundancies."

The papers were "literally bleeding to death" and the losses at Times Newspapers had forced the other newspapers in the News International group—the Sun, the News of the World and the associated companies—to go into debt.

"So we are not just talking about the peril of 2,600 jobs at Grays Inn Road [Times Newspapers offices]. We have got another 6,000 people at risk as well.

"Far and away the most dramatic contribution to our losses comes from the fact that we are employing far more people than our competitors and far, far more people than we need to produce our newspapers."

Mr Murdoch gave an instance of overstaffing, in the Times Newspapers clerical department, where the two newspapers employ 671 workers. He said this compared with a combined total of 250 for clerical staff at The Guardian and The Observer—closest rivals of The Times and the Sunday Times.

No official indications of where the 600 redundancies are to fall has been given, but it is understood that Mr Murdoch wants the bulk of them—between 360 and 390—to fall on the clerical workers.

It is also thought he wishes to see 35 redundancies among journalists for both papers. But it is not known whether this includes 10 who have already left the Sunday Times.

The letter said: "We are prepared to pay for these redundancies as a further expensive but vital investment." But no precise terms are given.

The present redundancy terms are for four months notice and four weeks pay for every year's service.

Union reaction has so far been muted. Mr Ken Ashton, general secretary of the National Union of Journalists, was told of the position late yesterday by Mr Gerald Long, Times Newspapers' managing director.

Mr Ashton told Mr Long that the NUJ objected to the company's attempts to get redundancies without negotiation with the chapel.

A meeting of officials of the National Society of Operative Printers, Graphical and Media Personnel—which organises the clerical workers—was going on last night. Last week, Mr Barry Fitzpatrick, father of the Natsopa clerical chapel (office branch) said he would not agree to the scale of redundancies envisaged by Mr Murdoch.

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Orion fails to rescue Laker Airways

BY ALAN FRIEDMAN AND ARTHUR SANDLES

ORION Royal Bank failed last night in its attempt to put together an international rescue package for Laker Airways. British Caledonian Airways, the UK's largest independently owned scheduled airline, said it was "actively" negotiating with the receiver for the tour operating activities of the Laker group.

Mr Nigel Hamilton, one of the joint Laker receivers, last night expressed his hope that the tour operations of the Laker group would be sold by this evening. He stressed that if the tour businesses are to be saved they must be sold "very quickly."

Orion, a subsidiary of the Royal Bank of Canada gave up its rescue effort less than 48 hours after predicting that it would succeed.

Mr Christopher Chataway, the former Conservative minister who is vice-chairman of Orion, said last night: "What foiled us in the end was the particular structure of the creditors. We did not foresee the speed with which the receivers would have to act."

Mr Chataway added that Orion held talks with the Bank of England yesterday. "We discussed the increasing difficulty of dealing with a large number of receivers".

Mr Bill Mackey, the other joint Laker receiver, who met Orion executives yesterday morning, later described the rescue plan as "unrealistic". The receivers said last night they had made clear from the outset that a bid for the whole of the Laker group was impossible.

The indications last night were that BCal would be one of three or four bidders for Laker's tour operations—Laker Air Holidays and Arrowsmith. The Swiss-owned, Liechenstein-based Cosmos Tours is understood to be another.

Bidders will get full details in the early hours of this morning but officials in the industry suggest that of the two dozen people or companies which have expressed an interest, few are likely to be serious contenders.

"It is a bit like a house sale. If you know the neighbours are selling you are obviously going to send for details," said one who had done just that.

What is likely to be for sale is the "rights to Laker Air Holidays and Arrowsmith" rather than the companies themselves. This would mean that any buyers would get a lean, newly-created, organisation rather than one which might have hidden problems.

Sir Freddie Laker may also try to put together his own organisation to purchase some of the aircraft being administered by the receivers appointed by Clydesdale Bank. The aircraft involved may be the four BAC-1-11s or the two Boeing 707s which are part of the Laker fleet. If Sir Freddie were to return to the business with some of these aircraft he could operate a charter service.

Michael Donne adds: The Government does not intend to change its mind and pump money into Laker Airways to try and get it flying again. This was stressed yesterday by Mr Iain Sproat, Parliamentary Under-Secretary for Trade, as several hundred Laker employees demonstrated in Whitehall and Westminster.

Mr Sproat said the Government "very much admired" what Sir Freddy had done and hoped that even if he did not continue to fly, "Lakerism" would. "By that I mean low fares and the best possible deal for the customers. But at the end of the day, no one really knows how much money will really be needed to keep Laker Airways flying and the Government is not going to step in."

Sixteen coachloads of Laker staff were brought to London yesterday for demonstrations. In addition to visiting 10 Downing Street to deliver a petition, some Laker staff also visite dthe Stock Exchange and the headquarters of Orion Royal Bank. The Orion visit was made before the bank admitted its failure to put together a resuce.

Mr Sproat also reiterated the Governments' intention of pressing ahead with the planned privation of British Airways, which lost £141m last year and expects to lose at least another £100m this year.

I nan interview on ITN, Mr Sproat said: "The Government is determined to privatise British Airways as soon as practicable."

He pointed out that other British airlines, such as British Caledonian, British Midland and Dan-Air, were keeping going while British Airways was

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Orion's attempt surprises City, ...Page 6: Inquiry call turned down, Page 10

Men and Matters, Page 16

N. Atlantic charters expected

By Arthur Sandles

CHARTER operations to replace the Laker Skytrain service on the North Atlantic route this summer are likely to be unveiled in the next week. The Associated Communications subsidiary Jetsave will decide "in the next 48 hours" and British Caledonian is "exploring the possibilities" of such a service.

Travel agents throughout Britain continued yesterday to deal with the flood of Laker package holiday clients seeking either refunds or bookings with other tour operators.

Although there are some Advanced Booking Charters available to the U.S. from Britain, most of the services died after Skytrain was set up in 1977, sparking the air-fares war between the scheduled carriers. The ABC market to other destinations, notably Canada, has remained healthy with such concerns as Wardair, the Canadian carrier.

ABCs were introduced to replace the old affinity group rules, which were much abused. Under ABCs a charterer rents a whole aircraft and sells seats to the public. The only condition is that the seats must be sold, and names registered with the Civil Aviation Authority, 21 days before take-off.

"We will have to see what the picture is when the dust has settled," said Mr Reg Pycroft, chairman and managing director of Jetsave last night. "But we may have to decide within the next 48 hours."

It is thought that although load factors on the North Atlantic are low a present, the summer could see a serious

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Malaysia threatens cut in tin output

By Nicholas Colchester in Kuala Lumpur

MALAYSIA will cut its tin output whether other major tin producing countries do so or not, Dr Mahathir Mohamed, the Prime Minister, said yesterday. Malaysia is by far the world's largest tin producer, supplying about a third of world supplies.

The cut, Dr Mahathir said in an interview, could total 15,000 tonnes a year out of Malaysia's current output of 62,000 tonnes. But the reduction might take place only over a number of years.

The aim of the decision was to diversify Malaysia's economic base away from tin and towards other Malaysian natural resources, including copper.

Dr Mahathir said he would like to reduce tin output along with other major producers and would soon be discussing a tin marketing agreement with Indonesia and Thailand.

But Malaysia would cut output with or without their agreement. Datuk Musa Hitam, Malaysian Deputy Prime Minister, will visit Indonesia on February 17 to discuss a production agreement.

The Malaysian decision follows the virtual breakdown of the Fifth International Tin Agreement—designed to stabilise the price for producers and consumers.

The agreement has been breached on both sides, in spirit if not in letter, by heavy buying of tin (as much as 40,000 tonnes) apparently co-ordinated by the Malaysians, and by substantial selling from the U.S. strategic stockpile.

Dr Mahathir criticised last week's decision by the London Metal Exchange to allow tin traders with outstanding sale ("short") positions that have to be honoured to pay a penalty of £120 a tonne a day rather than buy tin at a high price to meet delivery commitments.

"They provide assistance to speculators when the price rises but do not help producers when it falls," he said.

Dr Mahathir attacked a change in the rules of the London Stock Exchange to hinder dawn raids. This came into effect soon after the takeover by Permodalan Nasional of Guthrie, the plantation group.

The rules change was "the straw that broke the camel's back," in persuading the Malaysian Government to discriminate against British imports.

Our Commodities Editor writes: Bolivia yesterday officially backed Malaysia's call for a tin

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Carrington discussions, Page 3; Lead and zinc fall, Page 27

Wholesale price inflation rate falls to 11%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE annual rate of increase in industry's wholesale selling prices fell to 11 per cent in January, the first fall in the rate since July.

The inflation rate for the materials and fuel bought by industry also fell quite sharply between December and January, according to official figures out yesterday.

The latest easing of cost pressures on industry and retailers will give encouragement to the Government's hope that the inflation rate for retail prices has reached a peak. Prices are increasing at an annual 12 per cent but the rate is predicted to fall to around 10 per cent by Christmas.

The most encouraging aspect of yesterday's figures is that they show a marked deceleration of the rate of increase of industry's prices and costs during the past few months.

The price of supplies including fuel went up by only 2.4 per cent between July and January for all manufacturing industries. Excluding food, drink and tobacco sectors, the rise was only 1.7 per cent over the six-months period.

For the 12 months to January the annual rate of increase in the price of supplies was 13.8 per cent compared with 15.5 per cent in the year to December. However, for the construction industry, January's annual rate of increase was 8.4 per cent while for electrical engineering it was up 9 per cent.

The fact that output prices have been rising more slowly, at an annual rate, than industry's prices shows that companies may still be subject to some squeeze on costs. However, in the six months from July output prices increased by 4.8 per cent, about twice the rate for input prices in the period.

Since the annual inflation rate of retail prices has been poised uneasily at 12 per cent for the last two months, the Government may be tempted to use the Budget on March 9 to help prices downward. The Chancellor could if he wished hold the retail prices index down by about 1 per cent if he decided not to increase alcohol, tobacco and petrol duties in line with the inflation rate.

• Other official figures yesterday brought a revised upwards assessment of the fall in the volume of retail spending in December compared with November. The revised figures show a fall of 0.8 per cent taking the index of retail activity to 110.4 (1976=100). In spite of Christmas, trade in December was lower than in any month since July, partly because of the bad weather. In future the retail sales index is to be calculated on a new base of 1978=100.

Hire purchase and other credit guarantor business in December totalled £657m, higher than November but about the same as October. Lending by retailers amounted to £218m, the lowest since December 1980. Total lending in 1981 was 1 per cent higher than in 1980. The growth in lending by finance houses and other specialist consumer credit sources was 3 per cent while lending by retailers fell by 2 per cent.

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Amersham sale could raise £60m

BY CARLA RAPOPORT

AN OPPORTUNITY to invest in the nuclear business is expected on Thursday when the Government unveils the offer for sale of all the shares in Amersham International to the public.

The Buckinghamshire company, a subsidiary of the United Kingdom Atomic Energy Authority, makes and markets packages of radioactive substances for use in hospital diagnostic kits and neutron triggers for nuclear reactors.

The offer for sale is expected to value the company at more than £60m.

Amersham's sales have grown from £6m in 1972, the first full year after incorporation, to £48.5m last year. About 80 per cent of sales goes overseas.

Pre-tax profits rose from £516,000 in 1972 to a peak of £6.6m in 1978. In the year to last March they were £4.1m, which indicates that the offer for sale is being priced at more than 30 times historical, fully-taxed earnings. On a prospective basis the ratio is likely to be substantially lower.

Discussions have taken place recently between the company, the Government and their bankers on whether the shares should be offered by tender or standard offer for sale.

Some advisers favoured a tender to prevent the possibility of large profits going to speculators. Others were concerned that the shares should be as widely held as possible.

The Government has stipulated that no one bidder may acquire more than 15 per cent of the company. Amersham's employees will receive preference in allocation shares for which they apply, in addition to their entitlement to free shares.

Morgan Grenfell is acting for Amersham. Rothschild for the Government. Brokers to the issue are Cazenove.

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EUROPEAN NEWS

Martens assesses threat posed by Belgian strike

BY LARRY KLINGER IN BRUSSELS

BELGIUM'S new Centre-Right government will meet today to assess the potential threat to its authority from yesterday's 24-hour general strike in the French-speaking south.

Initial reactions were that the government was still unbending in its aim to curb wage rises and cut social spending.

Mr Wilfried Martens, Prime Minister, yesterday deplored the strike as purely political without consideration for the country's economic plight. He said that, like other recession-hit EEC countries, Belgium had to make sacrifices to put its house in order.

However, there was no doubt that the government was concerned privately that the Socialist-led unions were able to organise a virtually complete shutdown of public services, industry and large-scale traders throughout the south and are anxiously awaiting the union's next move.

On the other hand, the government was heartened that the action generated little widespread excitement in the major French-speaking cities and failed to spread to much extent to Brussels or to the Flemish-speaking north.

Mr Martens . . . strike purely political

The strike was called by the Socialist-led trade unions whose power base lies in the economically depressed steel and engineering-based south. The unions protesting at the government's special parliamentary powers, with which Mr Martens is expected to push through his austerity programme.

Mr Martens is to begin consultations with the unions next week but has said, to the fury of the unions, that these would be brief" and could not be used as an "alibi" for government inaction.

One of the Christian Democrat-Liberal government's main concerns is that, even though the Christian Democrat unions based primarily in the north refused to sanction yesterday's action, their defiant French-speaking members supported their Socialist colleagues.

This is bound to put further pressure not only on the government-leaning unions but on the French-speaking members of the government.

Bank urges public spending curb

BY GILES MERRITT IN BRUSSELS

AUSTERITY MEASURES are urgently needed to curb public spending in Belgium, although it could take some time before they yielded results, the Belgian national bank reported yesterday.

In its annual report for 1981, the largely autonomous central bank has broken with recent tradition by refraining from stern criticism of government economic policy. In past years, the bank has proved a thorn in the side of successive Belgian coalitions through its critical assessments of public spending policies and the mounting state deficit.

This year, however, while detailing the worsening economic position of Belgium last year before Mr Wilfried Martens formed the present Christian Democrat-Liberal coalition last December, the bank has been careful to avoid comment that might make the new Government's task more difficult.

The report makes clear that Belgium's economic position deteriorated seriously last year. Belgian GNP shrank by 1.6 per cent, after having risen by 2.2 per cent in 1980. Unprecedented increases in male unemployment pushed the jobless rate to some 12 per cent and the public sector borrowing requirement (PSBR) set a record by reaching 16.3 per cent of GDP against 9.1 per cent in 1979.

The PSBR has risen from BFr 296bn (£3.98bn) in 1979 to BFr 419bn (£5.63bn) in 1980 and BFr 580bn (£7.8bn) last year. The bank pointed out yesterday that during that time the country's total foreign debt has mounted to BFr 465bn (£6.25bn).

Despite the growing level of foreign borrowings, Belgium's balance of payments position has continued to worsen, so that the 1981 gap was BFrs 225bn (£3bn), or 6.3 per cent of GNP. Over the past seven years, the bank observes, the cumulative total of Belgium's payments deficit has grown to reach BFrs 640bn (£8.6bn).

The bank's report makes plain that the central bankers stand by their view that devaluation of the often hard-pressed Belgian franc would be no solution to the country's economic difficulties, and that only structural reforms to curb government spending and boost industrial investment are the answer.

Irish jobless at record 146,600

By Brendan Keenan in Dublin

THE LATEST Irish unemployment statistics, issued yesterday in the middle of the election campaign, show a record 146,600 people out of work.

This is 5,000 more than the December figure and indicates that unemployment—now about 13 per cent of the workforce—*continues to rise sharply*.

The figures should give a boost to the election campaign of Mr Charles Haughey, the Opposition leader. Although the latest opinion poll shows the Government and the Opposition neck and neck, it also points to the fact that most voters think unemployment is the most important issue and that the Opposition would do a better job in tackling it.

Mr Haughey yesterday took up the invitation from Dr Garret FitzGerald, the outgoing Premier, to use Department of Finance staff and information to help him cost his election proposals. Mr Haughey accepted the offer along with his finance spokesman, Dr Martin O'Donoghue.

The costing exercise is unlikely to change Mr Haughey's basic approach. This is that the harsher elements in the defeated Budget which brought down Dr FitzGerald's Government last week, can be dropped and that there is scope for further efforts to create jobs.

● Mr Seamus Twoomey, who was recently released from prison in the Republic, and who was at one time a leading figure in the Provisional IRA in Belfast, has been appointed assistant director of elections for Sinn Fein, which is contesting six seats in the election.

Danish oil group attacks 'grave breach of trust'

BY HILARY BARNES IN COPENHAGEN

THE DANISH Government's proposed special tax on offshore oil operations in Denmark's sector of the North Sea was described yesterday as a "grave breach of trust" by A. P. Moeller, the Danish licence-holder.

In a letter to Parliament's tax committee, the company says the proposal conflicts with all the principles on which taxation has been based so far and that tax should be calculated on an "artificial and distorted basis."

The proposals will prevent a deficit on North Sea investments from being written off against other operations and will introduce the principle of taxing each oil and gas field separately.

This means that although the consortium which Moeller heads has invested more than DKr 11bn (£770m) in North Sea exploration and only received about DKr 4bn (£280m) in revenue, it will have to start paying tax on those fields which have developed.

The company, whose partners in the Danish Underground Consortium are Shell, Standard Oil of California and Texaco, points out that it has acted on the basis of tax rules which allow investments in the North Sea to be set against the group's other activities and provide for no tax to be paid until its combined North Sea investments begin to show a profit.

Companies keen to share in licence allocations

BY FAY GJESTER IN OSLO

OIL COMPANIES are showing keen interest in the forthcoming allocation of new exploration licences off northern Norway according to the Norwegian Oil Ministry.

Out of 27 companies invited to renew their applications for these licences — originally offered, but not awarded, three years ago—only three failed to do so.

They were Volvo Petroleum of Sweden, Spain's Hispanoil, and PetroCanada. The other 24 filed their updated applications by the February 1 deadline, and these are at present being studied by the Ministry.

There are "well-qualified companies" bidding for each of the blocks (licence areas) which the Ministry plans to award, officials said.

Negotiations with the individual oil companies will begin next month—among other matters, the companies will be asked for their views on the stake which Statoil, the state oil company, should be given on the blocks for which they are bidding.

On all concessions awarded during recent years, Statoil has secured a stake of at least 51 per cent, with the right to increase this up to as much as 85 per cent, according to the size of the find.

The new Government is understood to be less rigid on the issue of what Statoil's share should be.

Bonn tries to forestall defence criticism

By James Buchan in Bonn

WEST GERMANY yesterday tried to forestall criticism of its contribution to the Western Alliance by announcing that its expenditure on defence last year was well clear of Nato's recommended floor of 3 per cent of gross national product.

The Bonn Defence Ministry said that defence spending last year according to Nato criteria had increased by some 3.5 per cent in real terms. The defence budget this year is expected to be some 5.2 per cent higher in nominal terms than last year, considerably above the increase of 3.2 per cent for the budget.

Because of criticism from members of the ruling Social Democrat Party, and pressure to restrain the budget deficit, the government agreed last year to ensure that the defence budget did not rise more steeply than public spending. But Herr Hans Apel, the Defence Minister, managed to fend off the bulk of the cuts proposed for his Ministry in the autumn.

The Bonn announcement comes one day after the U.S. Administration proposed an 18 per cent and $33bn (£17.3bn) increase in its defence budget for 1983. There are expectations that Washington, which criticised Bonn defence spending last year, will be seeking a greater contribution from the allies in shouldering the defence burden.

The Defence Ministry has also reacted strongly to allegations, published in a newspaper on Sunday, that a shortage of funds specifically for the armed forces would severely hamper their combat readiness by 1983. The newspaper claimed to be quoting from a report of a Commission set up by Herr Apel to look into long-term problems facing West German defence.

The Ministry denied that the Commission had prepared its report.

Mubarak's peace bid wins support

By James Buchan in Bonn

WEST GERMANY yesterday backed the efforts of President Hosni Mubarak of Egypt to push forward the Egyptian-Israeli peace negotiations to include the question of Palestinian self-determination.

After two hours of talks with Mr Mubarak yesterday, Herr Helmut Schmidt, the West German Chancellor, called for a negotiating framework which would be credible enough to attract Palestinian *involvement*.

Mr Mubarak was rounding off a 10-day tour of major Western capitals, during which he has sought support for the negotiations over Palestinian autonomy that make up the next round of the Camp David peace process.

In light of Israeli opposition to Palestinian self-determination, and Palestinian hostility to Camp David, there is little optimism in Bonn over the autonomy talks.

The West German government sees considerable virtue in the eight-point Saudi peace plan, and Herr Schmidt yesterday used the language of the Saudi plan for a peace settlement that recognises the right of all states in the region to live in peace.

But there is strong feeling in Bonn that unilateral initiatives could endanger U.S. efforts within the Camp David framework, and especially the negotiated return of Egyptian territory in Sinai which is due to be completed in April.

Herr Schmidt also promised to extend economic cooperation with Cairo. Egypt is already the most significant recipient of West German capital aid after India.

Expel Israel Call, Page 3

RAKOWSKI TO EXAMINE POSSIBILITY OF REBUILDING MOVEMENT

Poles open public debate on unions

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH martial law government, which has suspended and driven underground the Solidarity trade union, has now called for public discussion of possible resumption of union activity.

This news came in a communique which said that Mr Mieczyslaw Rakowski, the deputy Prime Minister, had been instructed to produce a report by the end of February on the "premises for the rebirth of the trade union movement." The communique dealt with other decisions reached at last Friday's Council of Ministers, which also ordered reports on the country's pressing problems of foreign debt, import dependence, and agriculture.

Mr Rakowski is a leading moderate in the army-dominated government of General Wojciech Jaruzelski. But the bland official statement gave little indication of the regime's thinking on the future of unions. "Authentic, independent and self-governing representation of professional and social interests of the working people should be harmoniously linked with the supreme aim of strengthening the state and socialist democracy," it said.

The communique failed to mention Solidarity by name, indicating that little progress has been made in talks between the Roman Catholic Church and the Government on ways of starting a dialogue with Mr Lech Walesa and other internal Solidarity leaders.

Meanwhile, the authorities have begun implementing martial law decrees which oblige men between the ages of 18 and 45 to work. For instance, in Lodz, 7,000 of the 11,000 reckoned by the city authorities to be jobless have been set to work in factories and on public works.

The Council of Ministers also publicised a series of other reports it has ordered, in a clear attempt to show it is getting a grip on running the country. Mr Zbigniew Madej, head of the Planning Commission, has been told to "bring up to date" by the end of this month Poland's plans to service its foreign debt, generally put at $25bn-$26bn.

Reports have also been commissioned on:

● Reducing dependence on imports and increasing use of Poland's own raw material resources.

● Increasing trade with fellow member countries of Comecon.

● Making Poland more self-sufficient in food production.

● Better service to agriculture from Polish industry.

AP reports from Vienna: Classes resumed yesterday at Warsaw University after a two-month suspension. Poland's official news agency PAP reported, here. More than 12,000 students resumed studies in Warsaw and 2,500 went back to class at the university's Bialystok campus.

Most of the country's universities had been closed since martial law was declared last December 13. The PAP dispatch did not mention resumption of classes at other schools.

Weinberger call, Page 4

A LEADING West German expert on the Polish economy has criticised Warsaw for setting wholesale raw material prices too low and thus distorting its pattern of exports, Leslie Colitt reports from Berlin.

Herr Edward Boehm, an economist with the Hamburg Institute for Economic Research, said that, by contrast, wholesale prices for manufactured goods prices were higher, being based on higher labour and capital costs. The result was that exports of manufactured goods were being discouraged, while the incentive was to export raw materials.

Poland needs to increase industrial exports to win hard currency. But Herr Boehm explained that any sharp increase in energy and raw material prices for producers would have required prices to be raised throughout the Polish economy. This would have been strongly opposed by industrial enterprises.

Leslie Colitt examines Comecon's problems

Why the East European economies are in trouble

EASTERN EUROPE has arrived at its moment of economic truth. This is the view of East European economists, foreign trade officials as well as Westerners dealing with Eastern Europe.

Unlike the Soviet Union, with its enormous reserves of energy and raw materials which can be sold to the West, the small East European countries — with the possible exception of Poland—have hardly any resources with which to pay off their massive $66bn (£35.5bn) debt to the to the West.

Apart from Hungary, which is still radically reforming its economy, East European countries find themselves unable to transform their extensive economies—using far more energy, materials and manpower than in the West — into intensive economies.

They are locked into a vicious circle of central planning commissions issuing directives which soon became out of date, fictitious costs and prices, along with an economic structure which has been severely distorted over the past 37 years.

West German economic specialists on Eastern Europe note that before the Second World War, the three northern Comecon countries contained large areas which were industrially and agriculturally some of the most productive in Europe.

For example, East Germany had its consumer goods industries of Saxony, Thuringia and Berlin. Czechoslovakia had its famed heavy and light industry in the Czech lands, while Poland had the industrial regions of Silesia and Poznan.

Today, the once thriving East German office equipment and clothing industries which supplied much of pre-war Central Europe are a shadow of their former selves. The East German car industry, which sold DKWs and Horchs (the predecessors of the Audi) to the rest of the continent, now has to barter trade its Wartburgs and Trabants with the rest of Eastern Europe, while exporting cars at cost prices to the West to earn hard currency and pay off some of East Germany's $12bn debt.

At the same time, East Germany does better than its fellow Comecon members, apart from Hungary. This is because of its skilled and disciplined labour, its conscientous—if uninspired—directors and economic officials and the large West German market for low priced East German goods which cannot be sold anywhere else.

However, East Germany's bloated planning apparatus shows no sign of devolving any of its powers to the factories, which have been grouped into giant and inflexible horizontal trusts.

Czechoslovakia, another country which has run into economic difficulties, was able to compete world wide with its innovative machinery and consumer goods before the war. The Skoda and Tatra cars of the 1920s and 1930s were synonymous with quality and advanced design. Today, they are rejected even by fellow East Europeans. West German traders note that the Czechoslovak mechanical engineering industry is grinding out products which can only be sold at a loss in the West.

Czechoslovakia has imposed travel restrictions that appear likely to cut visits to the West for many citizens, according to official Press reports, AP reports from Prague.

The Slovak youth daily Smena, in its weekend editions, said long-standing regulations allowing Czechs one trip to the West every three to five years have been dropped.

Semena indicated that Czechs who have travelled to the West on private trips in the past would not be allowed to do so again for an unspecified period. "Those who have not privately travelled to non-Socialist states will have priority," the report said.

The demands of the Soviet market for enormous production runs over a long period has stifled all innovation. This has meant that Czechoslovak plants are unable to produce small quantities of specialised and highly profitable machines for sale in the West.

Czechoslovakia's economic stagnation is as much a political as an economic problem. Even the word reform is regarded with deep suspicion by the Communist leadership in Prague, which does not want to resurrect political ghosts buried after the Soviet invasion in 1968.

In spite of this suspicion, Czechoslovak leaders now admit that the economic malaise is considerably worse than 10 years ago. Western trade officials say it is probably more serious than in 1967 when the economic slump contributed to the downfall of Mr Antonin Novotny, the then party chief. Soviet oil deliveries this year have been cut by 10 per cent; while last year's poor harvest has meant extra grain purchases from the West.

Although a set of half-hearted decentralisation measures was introduced last year, the Czechoslovak economy is set to grow by only between 2 per cent and 2.6 per cent annually to 1985. This represents negative growth when inflation is taken into account.

The ailing Romanian economy is a classic example of an East European country which, like Poland, bought sophisticated Western technology without first creating the industrial infrastructure to support it.

Because Romania failed to modernise agriculture and to stimulate production from private plots, it is now unable to feed its own people after being the granary of the Balkans before the war.

Mr Nicolae Ceausescu, Romania's President, bought Western car manufacturing licences in one of his many costly industrial prestige projects. As a result, Romania is currently producing cars which Romanians cannot afford and which can only be sold as loss-makers in the West.

Romanian economic officials explain privately that because all economic decisions are made on the basis of what officials believe Mr Ceausescu favours at any given time, a system of incredible complexity has evolved. Consequently, Ministers have no authority over their industries and try to enrich themselves for as long as possible.

Neighbouring Bulgaria by comparison has been careful not to neglect agriculture in the rush towards industrialisation. It has abolished centrally planned agriculture, letting individual collective farms decide on what to plant and to sell.

One result is that Bulgarian food stores are better stocked than most in Eastern Europe. But Bulgaria has also taken on the task assigned to it by Comecon of building a costly electronics industry from scratch. One Bulgarian official notes: "We have an electronics industry we know will never be competitive with the West *but of which we are still very* proud."

Bulgaria may no longer be able to afford such luxuries, as its Western debts are already uncomfortably high in relation to hard currency earnings. It has decided to reduce state subsidies to unprofitable industries and to link pay with profitability. Central planning targets are to be reduce in number, while private initiative is to be fostered in farming and the service sector.

Hungary alone has managed to put its factories on a self-financing basis, while eliminating the stulifying grip of the central planners. One can actually meet Hungarian bureaucrats who have been forced to take lower level jobs because their government ministries have been merged or abolished.

Factory managers in Hungary closely follow Western markets, as they risk losing cash premiums for themselves and their employees if they cannot sell at a profit in the West.

However, Hungary's economic reform developed over more than a decade and has little chance of being emulated in the more important Warsaw Pact countries of Czechoslovakia, East Germany and Poland.

One Polish planner explained: "Our strategic location is such *that a Hungarian-style reform* would be very difficult. Our dilemma is we cannot continue using the old methods or we have the same problems every five years, only worse each time."

Poland wrangle at security conference

By Robert Graham in Madrid

LAST-MINUTE procedural wrangles were going on here yesterday over how to accommodate discussion of Poland when the Conference on Security and Co-operation in Europe (CSCE) resumes today.

Delegates from Eastern Europe were doing their best to prevent any such discussion while Western delegates regarded criticism of the Polish military crackdown as the main element in the resumed session.

At the same time, the U.S. and West Germany were still trying to resolve significant differences in approach to the conference. The U.S. has been pressing for a brief session concentrating solely on attacking martial law in Poland and Soviet support for suppression of the Solidarity trade union.

To this end, the Nato Foreign Ministers have agreed to attend the conference this week. The Americans then hope for a suspension until the autumn, believing that in the tense East-West climate there is no purpose in sustaining the meeting.

The West Germans, however, feel that an abrupt meeting would harm detente further. They want to prolong it at least until Easter, if not avoid a suspension altogether.

These differences, though, have taken second place to a procedural wrangle. The Dutch, who hand over the chairmanship of the conference to Poland at today's session, have a list of 18 speakers due to address the meeting. All these represent Nato or neutral countries; most are Foreign Ministers.

The basic purpose of these addresses is to raise the issue of Poland, but the Polish themselves have a list of their own. Their seven speakers all come from Eastern Europe, and not intending to discuss Poland.

This battle of the lists has underlined once again how the conference has been hampered by fundamental East-West differences since it began in November 1980. The conference was to have ended last March but has dragged on into its fifth session.

The slim hope of something positive emerging from the review of guidelines for international relations laid down in the 1975 Helsinki Final Act and of a new formula to improve detente and European security have foundered over Poland.

The conference has been little more than a platform for the West to castigate the Soviet Union for its invasion of Afghanistan. Now Poland is being added. All that has prevented a walk out by either side is that neither wants to be seen responsible for torpedoing the Helsinki process.

For this reason, compromises are likely over the Dutch and Polish lists and between the West Germans and the U.S. over the duration of the session.

Yugoslavia puts up interest rates

BY ALEKSANDR LEBL IN BELGRADE

YUGOSLAVIA HAS raised interest rates after much hesitation. From the beginning of this month the national bank's lending rate has gone up to 4-12 per cent, depending on the purpose of the credits, against the previous 0-6 per cent range.

Commercial banks, too, have put up their rates. From the start of next month, interest on time savings deposits will rise by two points to a maximum of 15 per cent. The cost of hire purchase loans will go up by a similar amount to 16 per cent.

Although the higher rates will cause difficulties to economic organisations whose profitability and capital formation ratios have been very low, they are still far below the inflation rate. Last year this was 39.3 per cent, about the same as in the previous 12 months. Retail prices are planned to increase in the 1982 calendar year by 15 per cent.

Until now, Yugoslavia's low interest rates, in some cases only a tenth of the inflation level, have discouraged savings and boosted consumption, leaving little for export, thus contributing to the balance of payments deficit and soaring foreign debt.

The federal Government has also put a Bill before Parliament which prohibits banks and other institutions from granting loans or credit guarantees to organisations which have outstanding debts.

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Uncertainty flusters Hong Kong investors

By Our Foreign Staff

UNEASE OVER the future of Hong Kong sent share prices in the British colony dropping to their lowest level for four months yesterday.

The uncertainty among investors appears to have been sparked partly by reports that Peking, while wishing to maintain Hong Kong's status as a free port and business centre, also wants to see "China's sovereignty safeguarded" in any future agreement in Britain.

The British lease on a major part of the territory expires in 1997 and growing concern has been voiced in the colony about its future.

The general air of uncertainty in the colony was compounded by reports that Deng Xiaoping, the Chinese leader and architect of China's open-door policy, had withdrawn from the day-to-running of Government in Peking.

By the end of the day the Hang Seng Index was down 43 points to 1322.39 having easily drifted through the psychologically important 1350 support level.

The use of the term "China's sovereignty," by an unidentified official in an interview with Reuters in Peking, raised fears that the People's Republic might be considering taking control of the leased New Territories in 15 years.

This coincided with a report in a Chinese language Hong Kong daily that Peking was considering a plan for turning the New Territories into a Special Economic Zone which would be administered by Hong Kong but controlled by Peking.

Hong Kong's future was a topic of discussion last month between Britain's Foreign Office Minister, Mr Humphrey Atkins, and Zhao Ziyang, China's Premier.

Whitehall now believes that the Peking leadership is at last turning its mind to the problem of the colony's future and will soon start to examine the options open to it.

Reiterating earlier Chinese assurances, the Peking official told Reuters that business should continue to invest in Hong Kong and China could not be blamed if they failed to do so.

Tony Hawkins, in Salisbury, examines the subdued mood of white private enterprise there

Crisis of confidence hits Zimbabwe's business

"YOU'D BE surprised," a prominent Zimbabwean businessman said recently, "just how many large companies are asking themselves whether or not private enterprise has a future in this country. It's no longer an academic issue—but a deadly serious question to which head offices in London and New York want an answer."

His remarks are indicative of the subdued, even sombre, mood of Zimbabwe business as it squares up to Mr Robert Mugabe's policies in what the Prime Minister has dubbed "this year of national transformation."

The business mood can be largely equated with that of the white community as a whole. The number of whites employed in the public sector is declining and very few of those whites are holding down positions from which they can significantly influence policy decisions. White morale has suffered, not so much from Mr Mugabe's recently repeated commitment to the one-party state, which for many whites is an irrelevance anyway, but more from repeated charges of political and economic "sabotage" and complicity with South African agents in plots against the Government.

At least 15 whites are currently in detention on charges of subversion. They are held — ironically — under the emergency powers and law and order legislation introduced under white rule and strongly condemned in the past by successive British and other Western governments. In fairness to the Mugabe Government, it has several times promised to bring the detainees to trial in open court—in stark contrast to the detention without trial policies of former Rhodesian governments. However, there have been claims in parliament and from defence lawyers that one of the detainees, 61-year-old Wally Stuttaford, a mild-mannered right-wing, member of parliament representing Ian Smith's Republic Front, has been "tortured." But Mr Mugabe and other government spokesmen have pointed out that the torture allegations pale into insignificance when set against the treatment of detainees under White rule.

The one-party state is much less of an issue within Zimbabwe than might have been expected. Here too, the explanation is historical. Under Mr Ian Smith, Rhodesia was already to all intents and purposes a one-party state. Minority White parties and unrepresentative Black parties provided a facade. The real opposition in the form of the Black nationalist parties was banned and their leaders detained.

Nevertheless, the one-party state remains a live political issue among the rank and file of Mr Joshua Nkomo's minority Patriotic Front (Zapu) Party which still likes to believe that it will have the opportunity of ousting the Mugabe Government in the next elections, which must be held by February 1985.

Claims that Mr Mugabe's Zanu-Pf is losing ground politically are commonplace amongst white political analysts here. But it is worth recalling that their electoral forecasts were devastatingly wide of the mark in the 1980 elections.

Businessmen's fears about future government policy are fuelled by the strident criticism from within the cabinet of the private sector and frequent references, not to nationalisation as such, but to worker participation in—and even control of—business enterprises.

Mr Mugabe has been at pains to defuse the nationalisation issue by arguing that the state will only participate in a business with the acquiesence of the existing owners, though all the time stressing the need for enhancing worker participation in managerial decision-making.

Business leaders argue that the existing plethora of state controls, the establishment of the minerals marketing corporation and renewed emphasis on worker participation are discouraging investment. On the Zimbabwe stock exchange industrial share prices recently fell to their lowest level since 1968 while a survey of business opinion found that 57 per cent of those who replied were less optimistic about the business position than six months previously.

Mr Robert Mugabe: leading "a national transformation"

There are solid economic reasons for downward revisions of growth and profit projections. Prominent among these are the 15 per cent cutback in import quotas in the final quarter of 1981 followed by a further 12 per cent reduction in the current quarter. This followed the marked deterioration in Zimbabwe's trade balance from a surplus of ZIM$170m (£52m) in 1980 to a deficit of ZIM$187m (£58m) in the first eight months of 1981.

The inflation rate virtually doubled from 8 per cent in 1980 to an estimated 15 per cent last year while the real growth rate of the economy is estimated to have halved from a phenomenal 14 per cent in 1980 to 7 to 8 per cent in 1981.

Economic growth last year was largely the result of a bumper farm season which more than offset the fall in the value of mining production, export stagnation and a slowdown in industrial expansion. This year, the rains have been late and patchy, with farmers predicting that the maize yield in the communal lands will be halved from last year's 1m tonnes, while there will be a fall of at least 20 per cent in the commercially produced crop. As a result, there will be a fall in the volume agricultural production this year combined with a very real prospect of a reduction in the price of maize.

Manufacturing industry faces the possible loss of some of its South African export markets when the preferential trade pact between Salisbury and Pretoria lapses next month.

In 1982, the three crucial bottlenecks which constrained growth and intensified inflation last year—transport, foreign exchange and skilled manpower—will remain severe, though transport constraint should ease as new diesel locomotives imported from North America come on stream and when the oil pipeline from Beira to Umtali resumes operations after a 16-year stoppage caused originally by economic sanctions. Aid inflows and foreign borrowing will help the foreign currency position and the signs are that the Government is being pushed reluctantly towards accepting the need for bringing in skilled workers.

At the same time, the outflow of whites, which reached record levels last year when an estimated 20,000 people (of all races) left the country, is expected to remain high.

The publication in the next few months of the government's delayed three-year transitional development plan will give the administration its opportunity to reassure nervous investors at home and abroad by re-emphasising the role that the private sector must play in the economy if growth opportunities are to be exploited to the full and job creation maximised. But even if that reassurance is forthcoming—which is not certain—economic growth this year is likely to slow again to a maximum of 5 per cent in real terms and possibly less.

Arms cache explanation awaited from Zapu

By Our Salisbury Correspondent

ZIMBABWE'S ruling Zanu-Pf party was last night awaiting an explanation of the arms caches found over the weekend on farms owned by Zapu, the minority party led by Mr Joshua Nkomo.

The discovery of some 70 caches in the West of the country has imposed new and serious strains on the country's coalition Government, led by the Prime Minister, Mr Robert Mugabe.

One of Mr Mugabe's key advisers, the Minister for State Security, Mr Emerson Munungagwa, told reporters that he felt "very low" about the development. The Prime Minister said the weapons caches implied that Zapu has "joined us in Government just to string along while planning for an eventual takeover."

The discovery came just a fortnight after Mr Mugabe had announced plans for a meeting between the two political parties to discuss the formation of a one-party state. Mr Nkomo, leader of Zapu, angrily rejected the plan for early meetings on the subject.

Since then, Mr Mugabe has accused whites in Matabeleland in western Zimbabwe of trying to encourage Zapu dissidents to establish a secessionist state in Matabeleland.

The two party leaders met in Salisbury last weekend, before the arms cache discoveries, but there was no communique after their three-hour discussion. At the weekend, the Government announced the arms find which included enough weapons to arm a brigade, ranging from rifles and small arms to mines, rocket launchers and missiles.

Mr Mugabe's uneasiness has been underlined by the tough line he has taken in recent speeches with repeated calls for vigilance on the part of the masses. Two former Prime Ministers, Mr Ian Smith and Bishop Abel Muzorewa, have been accused by Mr Mugabe of plotting with South Africa to overthrow his Government.

It was disclosed yesterday that Mr Wally Stuttaford, the 61-year-old white MP, who was detained two months ago is now being held indefinitely on charges of plotting a coup. Police say they wish to question a second Bulawayo MP, the former Education Minister, Mr Denis Walker.

Carrington in 'frank discussion'

BY KEVIN RAFFERTY IN KUALA LUMPUR

MALAYSIA'S Prime Minister, Dr. Mahathir Mohamad, and Lord Carrington, the British Foreign Secretary, yesterday took a first step on the road to better relations between the two countries.

After 75 minutes of talks described as "friendly and frank," Lord Carrington expressed the hope that "my visit will be the beginning of a better understanding." But he cautioned: "I did not expect any immediate change."

Dr Mahathir made it plain that Malaysia's "buy non-British," directive remained in effect. Given a choice between a British and a non-British tender, Government bodies would choose the non-British one, other things being equal.

The Foreign Secretary stressed that Britain wanted no favours or preferences, but when things were not equal and the British bid was more competitive in price and terms, he hoped the British one would be chosen.

Lord Carrington's aim seems to be to improve friendly contact and to encourage Britain and British interests to treat Malaysia as an independent and equal country. He suggested that it might be helpful for a joint committee of senior officials to be set up so that dialogue could continue.

But there were suggestions that there is still a long road to travel. The Malaysian Prime Minister outlined some of his complaints against Britain, to which a new one has been added in recent days—the London Metal Exchange's investigation of the rise in the tin price.

Lord Carrington pointed out that the exchange's action was taken within its rules to protect producers and consumers. The Malaysian leader asked why investigations were made only when the price rose and not when producers were hurt.

Other grumbles which Dr Mahathir listed were Britain's raising of fees for foreign students, changes in the London Stock Exchange rules, Press criticism and references to "back - door nationalisation" when Malaysia was abiding by market rules to gain control of companies using Malaysian natural resources.

The Prime Minister called for understanding of Malaysia's attempts to restructure its economy and build a united nation, which involved removing colonial legacies.

He presented Japan as Malaysia's new model. "We have for a long time been looking West . . . but the West is no longer a suitable model."

'Expel Israel' call by Syria

By Ishan Hijazi in Beirut

SYRIA is to seek Arab support for expelling Israel from the United Nations altogether, according to Mr Abdel Halim Khaddam, the Syrian Foreign Minister.

He said his Government had circulated a working paper to Arab countries which would come up for debate at an emergency meeting of Arab Foreign Ministers on Friday.

Mr Khaddam was speaking to reporters after returning from New York where he led his country's delegation to the special session of the UN General Assembly.

He hailed as "a triumph" the resolution adopted by the assembly on Friday which called for the isolation of Israel for its annexation of the Golan Heights.

Tehran confirms oil price cut of $1 a barrel

BY JAMES DORSEY IN KUWAIT

IRAN yesterday confirmed that it had reduced its oil price by $1 a barrel. The price of heavy and light grades of oil would drop from $32.30 and $34.20 respectively, Oil Ministry officials in Tehran said.

Efforts by Iran to step up exports from about 700,000 barrels a day have not been very successful over the last two months. Mr Mohammed Gharazi, the Iranian Oil Minister, said in January that Iran wanted to regain the market share it lost because of "international and military pressures."

The Iranian price cut was attacked yesterday by the chairman of the Organisation of Petroleum Exporting Countries, Mr Mana Oteiba, who said Iran was undercutting the Saudi benchmark of $34 by 80 cents a barrel. This was putting heavy pressure on Opec states who wanted to hold the present price.

Mr Oteiba said Gulf producers might call an emergency meeting of Opec to discuss their reaction to the dramatic fall on the spot market for crude. He hoped to consult his Saudi and Kuwaiti counterparts, Sheikh Zaki Ahmed Yamani and Sheikh Ali-Khalifah al-Sabah, on "adopting decisions suiting current conditions in the oil market at an emergency Opec conference."

In an interview before his departure to Abu Dhabi to attend a meeting of oilmen, bankers and economists, Sheikh Khalifah said: "I do not exclude the possibility of an extraordinary Opec meeting.

AMERICAN NEWS U.S. BUDGET

Weinberger calls for curbs on credit to USSR

BY REGINALD DALE

MR CASPAR WEINBERGER, the U.S. Defence Secretary, yesterday issued a strong call for restrictions on trade technology and credit to the USSR.

In his annual report to Congress, he said that western economic support was being used to prop up the Soviet economy, preserving the USSR as a totalitarian dictatorship that was only successful in the "practice of military imperialism."

Mr Weinberger, in an extremely hardline message, said that no defence policy could succeed in the long run unless the West pursued a policy to ensure that its resources were not diverted to strengthen "our adversary." Western credits allowed Moscow to divert other funds to build weapons that threatened the West.

Western technology kept Soviet industry from obsolescence and allowed Moscow, with its "fatally flawed" central planning system, to avoid choosing between its military priorities and modernisation, he said.

Mr Weinberger also said there were many good reasons for believing that the Soviet Union had violated the 1925 convention banning biological weapons. He cited the 1979 Sverdlovsk accident, in which Western officials believe toxic biological warfare materials escaped from a secret factory, and the alleged use of biological chemicals in Laos, Cambodia and Afghanistan.

The violations created a most serious problem for the verification of any new arms agreement with the Soviet Union, Mr Weinberger said.

Mr Weinberger's call for the severing of credit to the Soviet Union suggested that he will continue trying to persuade the Reagan administration to press for a declaration that Poland has officially defaulted on its loans from western banks.

The Administration decided not to require U.S. banks to declare default when it started paying them money owed by Poland under the Government's loan guarantee system last week. But it said it reserved the option of doing so in the future.

Mr Arthur Burns, former chairman of the Federal Reserve who is now U.S. ambassador in Bonn, has told Washington that the banks could cope with an immediate declaration of default, but that it would be easier for the Western financial system to absorb if the losses could be spread over several years.

Most of the effects of a Polish default would happen with or without a formal default, he said in a secret report to the state department that found its way into the Wall Street Journal.

He said the Polish experience would make international banks much more cautious in lending to the Eastern bloc countries.

Social democrats win Costa Rica's election

BY WILLIAM CHISLETT

SR LUIS ALBERTO MONGE and his Social Democratic National Liberation Party (PLN) swept the centrist Government of President Rodrigo Carazo out of power in the Costa Rican general elections.

The PLN was yesterday expected to win 33 of the 57 seats in the legislative assembly as final counting continued. The 1.2m Costa Ricans went to the polls on Sunday in the economically troubled Central American republic.

The unity coalition of Sr Rafael Calderon was expected to win 19 seats. The same group of parties backed Sr Carazo in the 1978 elections.

The Communist coalition United People was thought to have retained three seats. As soon as the PLN victory was clear, Sr Carazo invited Sr Monge to collaborate with his Government during its last three months in office.

Costa Rica, the only democracy in a region undergoing violent change, is facing a series of economic problems. The PLN is anxious to start tackling these after months of indecision by the Carazo Administration.

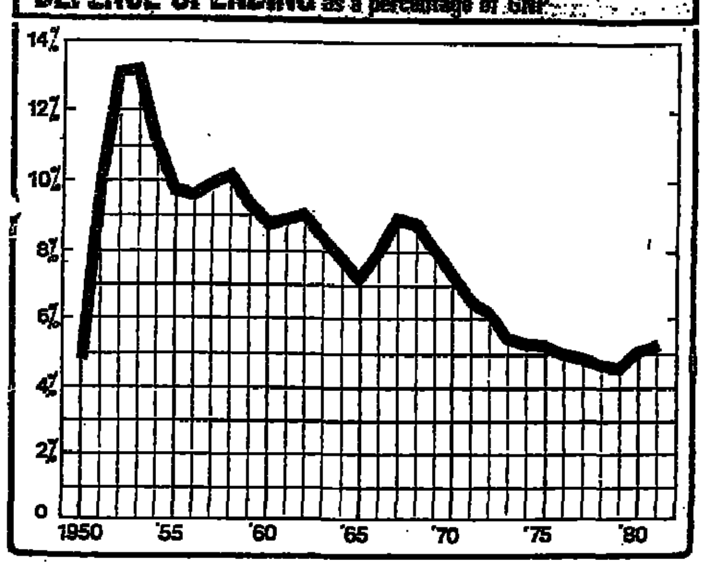
The country is an estimated $577m in arrears on unpaid interest and principal on its $2.9bn public sector foreign debt, and its reserves have dried up.

The key to putting Costa Rica's house back in order lies in reaching an agreement with the IMF.

The PLN is understood to favour import and some exchange controls, which are not to the IMF's liking.

Reagan counts on his rearmament mandate

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON



THIS BUDGET is "fully justified," said Mr Frank Carlucci, Deputy U.S. Defence Secretary, presenting President Ronald Reagan's massive military budget at the week-end. "It should not be judged against social programmes, but against the threat we face." It was the minimum necessary "to do the job."

As Mr Carlucci well knows, this is precisely what Congress will need to be convinced of if it is to come near to adopting the total of $258bn in appropriations and $215.9bn in actual outlays that the Administration is proposing for fiscal 1983.

The $43.7bn increase in appropriations (total obligational authority) is the largest in U.S. peacetime history and it comes at a time of severe retrenchment in social programmes and other budget areas.

As it also comes in an election year, with all 435 members of the House of Representatives and a third of the 100-strong Senate facing re-election in November, it is not going to have an easy passage on Capitol Hill. The Democrats, who, theoretically at least, control the House, have already announced their intention of launching a frontal attack on defence spending. Even Republican leaders in the Senate are saying it may have to be cut—perhaps by between $10bn and $15bn.

But Mr Reagan is unwavering in his conviction that he was elected to rearm America and give the country the strength to stand up to a Soviet Union that was allowed to pull rapidly ahead, particularly under President Jimmy Carter.

Defence will move up from its present 24 per cent of the total budget to 29 per cent in 1983 and the proportion will grow steadily in the years ahead, if Mr Reagan has his way. Over the coming years, the aim is to increase defence spending from its current level of around 5 per cent of GNP to 7 per cent—a figure that is still less than the 8 to 9 per cent levels of the 1950s and 1960s, Mr Carlucci pointed out. By 1987, defence is planned to account for over 37 per cent of total budget outlays.

The real impact on the budget will start in 1985 and be particularly heavy in 1986 and 1987, said Mr David Stockman, the President's budget director. But he was at pains to point out that only a third of defence spending goes on weapons procurement and over half goes to forces pay, pension and operations and maintenance.

Mr Carlucci's line is that by spending a lot more money now, costs will actually be reduced in the future. Management procedures will be improved, and there will be less to pay later if money is put down on multi-year programme contracts that can be planned ahead.

An example is the plan to arrange the construction of two new nuclear-powered aircraft carriers of the Nimitz class at the same yard in tandem, one running two years behind the other, for delivery in 1989 and 1991 respectively.

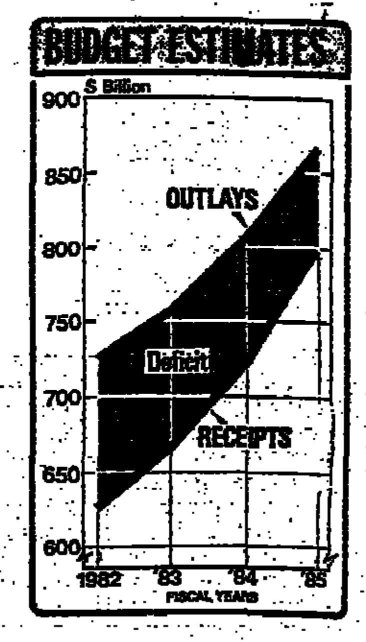
Equipment for the ships can be purchased more economically and the specialised workforce can move on to the second ship as soon as it has finished on the first, saving a total of $750m, Mr Carlucci says. He points out, at the same time, that 60 or so unspecified programmes have been dropped from the 1983 budget proposals.

But the cost of a number of weapons programmes will rise, at least on paper, in the 1983 budget, because the Pentagon says it has finally decided not to cheat by under-estimating final costs early on in a programme. It is henceforth to base its estimates on actual experience, particularly of the effects of inflation, responsible for 70 per cent of cost overruns, Mr Carlucci says.

Asked what they wanted in the 1983 budget, service chiefs said more air lift and sea lift capacity, and that is what they will get, with the navy coming out particularly well. For the next five years, Mr Reagan is proposing a $96bn ship-building programme for 133 ships to meet his target of a 600-ship navy by the end of the decade.

The other catchwords of the 1983 defence effort are "readiness and survivability," for example through increased supplies of fuel and ammunition, and the budget calls for a jump from $16.2bn to $23.1bn for strategic nuclear forces such as the new MX missile, the B-1B long-range bomber and the Trident submarine-launched ballistic missile.

The overall emphasis is towards more sea-power, a strengthened Rapid Deployment Force and a global view of the projection of U.S. power that pays somewhat less attention to Europe. That is a trend that is likely to persist in Mr Reagan's Washington, whether or not he gets his way on his spending plans.



Strategy hinges on high growth

By Our Washington Correspondent

PRESIDENT Reagan's prediction of a budget deficit which falls from $99bn in 1982 to $53bn in 1987 depends both on the achievement of huge savings and on a rate of sustained growth almost without precedent in U.S. history.

This growth is expected to gather pace over the next two years and continue for the following three, despite the pressure of a monetary constraint which is stricter in relation to the anticipated growth of total money spending than anything experienced since the war, and despite a high level of interest rates relative to inflation.

Average real growth is projected at 4.7 per cent between mid-1982 and 1987, starting with a real growth rate of 5.2 per cent in the year from October, 1982. This compares with average real growth of 3.5 per cent annually from 1947 to 1981 but, as the Administration points out, is less than the growth enjoyed between 1961 and 1966.

The inflation rate is projected to decline steadily from 7.2 per cent in 1982 (as measured by the GNP deflator) to 4.4 per cent in 1987. Interest rates, however, will "adjust only slowly to the disinflationary policies." The gap between interest rates and inflation "will remain large." In 1982, the average rate on 91-day Treasury Bills will be 11.7 per cent, according to the forecasts. For the period between 1982 and 1985, interest rates are expected to be on average 4.1 percentage points higher than the rate of inflation.

Two questions arise:

● Will it be possible to achieve savings on anything like the scale envisaged in the forecasts? Without the $125bn annually of spending cuts and revenue increases projected by 1987, the deficit will rise to $165bn in 1984 and $175bn by 1987. Such a growth in the deficit would almost certainly invalidate the optimistic economic forecasts and lead to even bigger revenue losses and increases in public spending in the years ahead.

● Even if the President's deficit reduction plan is fully implemented, will the economy grow as rapidly and with as little inflation as he expects? If it does not, the budget deficit will grow as surely as if he fails to push his spending cuts through Congress.

In the short term, the President's forecast of 0.2 per cent year-on-year growth in 1982 is more optimistic than that of most forecasters, although not outside the range of plausible alternatives.

Further doubts arise about the President's longer-term forecasts.

● The figures in the budget statement show real interest rates much higher than any experienced in the 1960s and 1970s. These forecasts are based on the view that much of the money handed back to taxpayers over the next three years will go into savings rather than consumption. But most economists believe that savings will be lower than the Administration expects, deficits will be bigger and thus interest rates will be substantially higher than those predicted in the budget statement. With interest rates at unprecedented levels in real terms it becomes questionable whether the economy can grow at the record rates of the mid 1960s.

● The more fundamental criticism is that the Federal Reserve's restrictive monetary policies are inconsistent with the sort of growth rates in total spending which the budget document projects.

Between the fourth quarters of 1983 and 1984, for example, total spending or money GNP is forecast to increase by 11 per cent. The top of the Federal Reserve's target range for 1982 is 5.5 per cent, and the President wants a steady reduction in the rate of monetary growth, year by year.

This combination implies an increase in velocity, or the rate at which money is used in the economy, of around 6 per cent each year. Experience suggests that such growth may not occur. Since 1954 velocity has grown by an average of 3 per cent a year and has rarely exceeded 5 per cent.

Budget cuts likely to antagonise leading political horse-traders

BY ANATOLE KALETSKY IN WASHINGTON

THE CENTREPIECE of President Ronald Reagan's 1983 budget is a "deficit reduction plan" which makes the $39bn (£21bn) of budget cuts he forced through Congress last year look uncontroversial and modest.

To keep the 1983 budget deficit down to $91.5bn, he will need $55.9bn in public spending cuts, asset disposals and increases in federal income, on top of the measures which he steered with difficulty through Congress in his 1982 budget. Total non-defence spending will fall in real terms by 6 per cent if Mr Reagan gets all his cuts.

But because the biggest programme, the social security pension, is left unscathed and the second biggest programme, the federal subsidy for medical care for the poor and elderly, continues to grow at least in money terms, all other portions of federal spending are to be slashed by an average of 22 per cent in real terms. There will be further, real cuts in later years, according to the programme outlined today. Mr David Stockman, the budget director, has already indicated that Mr Reagan would be seeking still further reductions in future budgets to narrow the large deficits which will continue throughout the early 1980s.

Mr Reagan's chances of getting all the cuts which he seeks from Congress appear at present to be negligible, for his budget contains elements to antagonise many of the most powerful lobbies and special interest groups which dominate much of the horse trading in Washington.

However, in anticipating the final outcome, it must be remembered that many Congressmen have already indicated that they would seek cuts in defence spending which may, if Mr Reagan accepts them, counteract some of the failures to cut other programmes. On top of this, several of the President's proposals will be able to go ahead without Congressional approval, since they involve executive decisions only on issues such as pay restraint for Federal employees and strengthening enforcement in the Internal Revenue Service (IRS).

The biggest public controversy will probably arise over the savings in "entitlement" programmes — health and welfare programmes which all Americans are entitled to use if their personal circumstances fall into clearly defined categories.

The medical programmes—Medicare, which covers most health costs for people over 65, and Medicaid, which provides health care for people on welfare and very low incomes—will be cut by $51bn below their cost under present law. But because of the rapid growth in health costs and the rising proportion of elderly people in the population, total spending on these programmes will still rise from $67.4bn to $72.4bn.

Mr Reagan's proposed economies come from a combination of higher contributions from medical programme users towards the cost of their services and a reduction in the rate of increased charging permitted to hospitals and physicians.

The biggest single saving, a 2 per cent reduction in Medicare payments to hospitals, will be strongly resisted by the health care industry. But the reduction may be only a precursor of still tougher proposals to limit increases in hospital costs.

The savings in cash benefits to poor families and in nutrition assistance (which consists of food stamps and special assistance for young children and pregnant women) will come from straight reductions in aid for all but the very poorest.

Beneficiaries with jobs will find their food stamps reduced by 5 per cent more than at present for every extra dollar of income. Unemployed welfare recipients will be required to show evidence of "diligent" search for work and state governments will have to provide work programmes for welfare recipients. Savings from these measures will total $4.6bn in 1983.

Other major cuts in social benefits will include reductions in cost-of-living increases for retirement benefits of federal government employees, means tests for guaranteed loans for university students, big cuts (totalling $2.2bn) in federal training and employment programmes, a $1bn reduction in social services, a reform of federal housing assistance for poor families (saving $600m) and $1.3bn savings in various small health and welfare programmes, mostly administered at the local level.

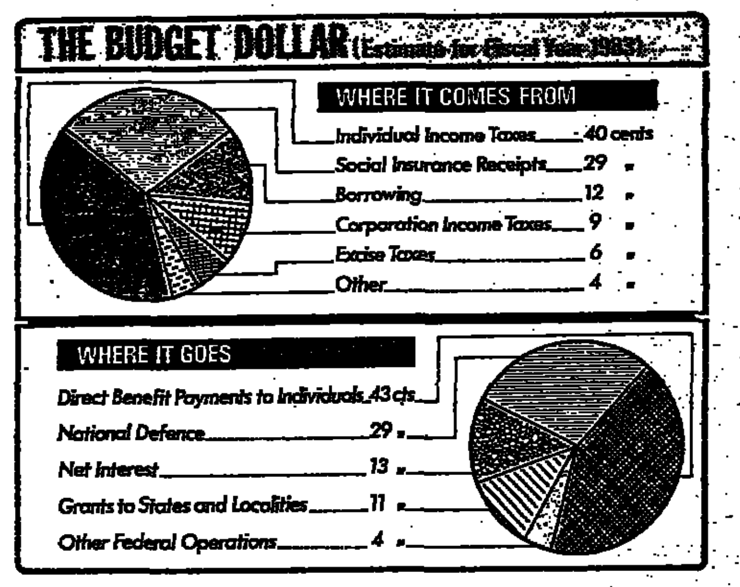
In total, Mr Reagan wants to save $25.9bn through cuts in public spending programmes. The other half of his deficit reduction plan rests on increases in tax collections, government charges and asset disposals. These are to yield $30bn in 1983, rising to $41.2bn in 1985.

Changes in the tax laws and in IRS practice are supposed to add $12.7bn to revenues in 1983 and $18.2bn by 1985. The biggest of these changes involve the timing of tax payments on certain long term contracts, closing a tax loophole used by the insurance industry and the imposition of a minimum tax on all profitable corporations. These will yield $6.6bn in 1983.

Other measures, including the imposition of a withholding tax on all interest and dividend payments and the abolition of energy tax credits for businesses, may prove more controversial, judging by initial reactions from businessmen and Congressional leaders. Improved enforcements by the IRS is budgeted to yield additional revenues of $2.1bn in 1983.

Another tax measure which seems certain to arouse opposition is the proposed tax increase on airline tickets and excise tax increase on aviation fuel used by private aircraft. This is intended to pay for the modernisation of the nation's air traffic control system, a project which will cost more than $1bn a year for 20 years.

The biggest single item in the whole deficit reduction plan is perhaps the most uncertain. This is the accelerated sale of leases for oil and gas exploration in the outer continental shelf. The figure of $8.4bn suggested for this in the budget for 1983 has been questioned in the oil industry and there may be strong congressional opposition to this scale of acceleration.



'Our goal remains the return of prosperity'

The following are extracts from President Ronald Reagan's Budget message delivered to Congress yesterday:

THE first year of the 97th Congress will be remembered for its decisive action to hold down spending and cut tax rates. Today, the question before us is whether the second year of this Congress will bring forward equal determination, courage and wisdom. Clearly, there is a great deal more to be done.

Some seek instant relief from the economic problems we face. There is no such panacea. Our programme began on October 1, and it cannot solve in four months problems that have been building for more than four decades. All the quick fixes tried in the past not only failed to solve, but actually aggravated, our economic difficulties.

Our goal was and remains economic recovery—the return of non-inflationary and sustained prosperity. We seek a larger economic pie to provide all Americans with more jobs, more after-tax income, and a better life. Quick fixes won't get us there.

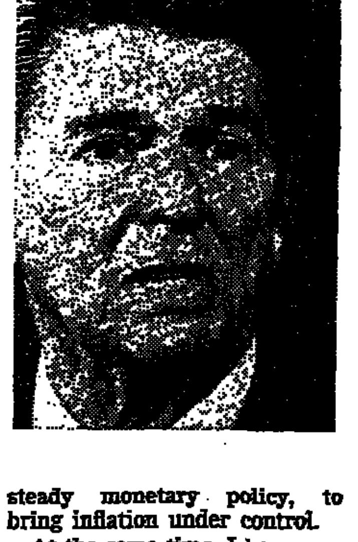
What will get us there is firm resolve and unwavering adherence to the four fundamentals of our economic recovery programme that I outlined to Congress one year ago:

● Reducing personal and business taxes to stimulate saving, investment, work effort and productivity;

● Reducing the growth of overall Federal spending by eliminating Federal activities that overstep the proper sphere of Federal Government responsibilities;

● Reducing the Federal regulatory burden in areas where the Federal Government intrudes unnecessarily into our private lives or interferes unnecessarily with the efficient conduct of private business or of state or local government;

● Supporting a moderate and steady monetary policy, to bring inflation under control.



At the same time, I have proposed strengthening the nation's defences to restore our margin of safety and counter the Soviet military build-up.

In short, we are putting the false prosperity of overspending, easy credit, depreciating money and financial excess behind us. A solid foundation has been laid for a sound dollar, sustained real economic growth, lasting financial stability and non-inflationary prosperity for all Americans.

The task now before us is a different one, but no less crucial. Our task is to persevere, to stay the course, to shun retreat, to weather the temporary dislocations and pressures that must inevitably accompany the restoration of national economic, fiscal and military health.

Previous excesses in money and credit growth have resulted in financial strain in many regions and sectors of our national economy. The adjustment to lower inflation and a more moderate money and credit policy did not come soon enough to avoid interest rates and unemployment far higher than we would like, and that we are working to reduce.

Our hard-won gains in reducing inflation must be preserved and extended—because permanent reduction of interest rates and unemployment is impossible if the fight against inflation is abandoned, just as it is being won.

In the near term, the most important setback to our budgetary timetable is the recession now underway. During 1982, receipts will decline by $31bn and outlays rise by $8bn due to the fall-off of business activity and the increase of unemployment-related payments.

This factor alone accounts for nearly all the difference between the $45bn 1982 deficit we projected last year and our current estimate of $98.6bn.

The second major factor widening the deficit projection is interest payments on our trillion dollars ($1,000bn) debt. Here we are being penalised for the misguided policies of the past. This year's interest payment of $83bn exceeds the size of the entire Federal budget as recently as 1958.

The third and most important factor contributing to the growth in deficit projections is quite simply the ironic by-product of our rapid and decisive success in bringing down the rate of inflation. Our economic forecast last February projected a 9.5 per cent inflation rate in calendar year 1981 and a further decline to 7.7 per cent in 1982.

This projection was scorned by many as too rosy just one year ago. Yet the actual inflation rate turned to to be lower than our projection and the inflation decline this year and next year almost certainly will exceed our earlier projections.

The proposals set forth in this budget will not be accepted readily. They are a second challenging instalment of a politically difficult, yet necessary, programme. In their specifics, these proposals will undoubtedly be altered by the Congress. The general direction we must travel, however, is clear.

WHERE THE CUTS WILL FALL

	1983 $bn	1984 $bn	1985 $bn
Savings in "entitlement" programmes:			
Medical entitlements	5.1	8.3	12.5
Cash benefits, nutrition assistance	4.6	5.2	5.9
Federal retirement benefits	0.9	1.8	2.3
Student loans	0.8	1.1	1.4
Other benefits	0.3	0.7	0.7
Sub-total, entitlement savings	11.7	17.1	22.8
User fees:			
Airport and airways	1.2	1.4	1.5
Other	1.3	2.1	2.3
sub-total user fees	2.5	3.5	3.8
Management intitatives:			
Accelerated oil leasing on outer continental shelf	8.4	7.8	5.8
Federal pay restraint	1.4	3.0	4.5
Federal property disposals	1.0	4.0	4.0
Waste and fraud prevention	1.0	1.0	1.0
Debt collection improvements	1.0	1.0	2.0
Tax collection improvements	5.5	5.5	4.7
Other	2.0	1.7	1.9
Sub-total management initiatives	20.3	24.0	23.9
Discretionary and other programmes	14.2	26.1	35.3
Revisions of tax code	7.2	13.5	13.5
Total	55.9	84.1	99.3

Haferkamp caution on trade war as U.S.-EEC talks start

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. and the EEC yesterday began two days of trade talks following a warning from the European Commission that a transatlantic trade war must be avoided at all costs.

Herr Wilhelm Haferkamp, the Commission's Vice-President for External Relations, said the two sides must avoid a "major irritation" over their trade differences on steel and agriculture, the two main topics for the talks.

Herr Haferkamp said that the Community would strongly contest suggestions that European steel exports had caused "material injury" to U.S. producers — a point that the U.S. producers are seeking to establish in about 90 anti-dumping and countervailing duty complaints which are currently under investigation.

Under Gatt rules the U.S. can only apply retaliatory duties against subsidised exports if "material injury" is substantiated.

European exports were not the cause of the U.S. steel industry's difficulties, which were caused by falling domestic consumption, Herr Haferkamp said. In many categories, European steel shipments accounted for less than 1 per cent of the U.S. market and a serious and painful effort was being made to restructure the European industry.

Officials said that if the U.S. authorities upheld the "material injury" allegation, the EEC would challenge the finding through Gatt in Geneva. Neither the U.S. nor the EEC could afford a trade war when economically and politically they had every reason to stand united, Herr Haferkamp said.

He warned that if the concept of trade "reciprocity" currently under consideration in Washington, led to selective duties against exporters to the U.S. market, it could be the beginning of the end of the multilateral world trade system.

He urged the U.S. to honour the agreement on agricultural subsidies reached at the end of the last round of multilateral trade negotiations in 1979, under which the concept of export restitutions was accepted, provided they were not used to conquer an unfair share of world markets.

The U.S. has complained that the EEC is using subsidies to take export markets from U.S. farmers, but Herr Haferkamp said the community had stuck to the agreement on fair shares.

Biffen softens approach to Tokyo

By PAUL CHEESERIGHT, WORLD TRADE EDITOR

MR JOHN BIFFEN, the UK Trade Secretary, yesterday sought to soften the harshness of the Government's public approach to dealing with the Japanese trade deficit, now running at over £1bn a year.

Following last week's talks in Tokyo with the Japanese Goverment, he said: "I did not seek to bang the table of use offensive language." Nor, he said, did he think it appropriate to make threats.

The tenor of his remarks suggested a change in style rather than in the substance of the Government's attempts to persuade Tokyo to:

● Adopt more restrained export policies;

● Provide greater access to its own market;

● Invest more heavily in Europe.

His apparently studious attempt to deflate the official rhetoric directed against Japanese trading policy contrasted with the more cutting style adopted by Sir Geoffrey Howe, the Chancellor, and Mr Patrick Jenkin, the Industry Secretary, in speeches made at the end of last month.

At the same time his tone was much quieter than that associated with the comments of either European Commission officials or members of the Reagan Administration. The latter are dallying with the idea of holding Japanese access to the U.S. market to the same conditions as U.S. suppliers have on the Japanese market.

Mr Biffen laid down no conditions for Japanese access to the UK market and made it quite clear that he thought a strict trade balance was "a pedantry."

"I cannot anticipate what would be the factors which would lead to an easing of political anxieties," he said.

There seem to be three main reasons why the Government has reverted to what appears to be a reliance on painstaking private pressure rather than public negotiation to achieve what it wants.

First, there is recognition that the Japanese Government is now aware of the seriousness of the pressures building up on both sides of the Atlantic about its trading activities which last year resulted in a tenfold increase in its trade surplus.

This recognition has been manifest in Japan's decision to accelerate previously agreed tariff reductions and its agreement to dismantle 67 non-tariff barriers. Mr Biffen is cautious, however, about the impact of the dismantling, "We shall only know if they are significant if trade expands," he said.

Second, there is no desire to sour the political atmosphere as Nissan moves towards a decision on whether to build a car plant in the UK. This could be a catalyst to further Japanese investment. "I have the strongest desire to see an agreement with Nissan which is to our clear mutual advantage," Mr Biffen said.

Third, there are limitations on the Government's freedom of manoeuvre just before the planned EEC Council meeting to discuss Japan, planned for February 22.

Japan under pressure on steel pipe prices

BY RICHARD C. HANSON IN TOKYO

THE PRICING of lower grade Japanese seamless steel pipe exports is coming under pressure as competition grows from cheaper pipe and demand in the U.S. market softens.

Moreover, Japanese makers, led by Sumitomo Metal, expect overall prices on seamless steel pipe exports to be flat this year. This is in sharp contrast to the 40 per cent or so price rises experienced in 1981 when demand soared.

Prices of small diameter seamless pipe are already being lowered slightly on shipments over the next few months. Makers cite an oversupply in the inventories of the U.S. oil industry caused in part by competition from cheaper electric - resistance-welded (ERW) pipe from South Korea and elsewhere.

For the past year or so seamless pipe has been the only bright spot for Japanese steel exporters as a result of a boom in demand caused by increased oil and gas exploration worldwide.

There are four large Japanese producers of the pipe. Sumitomo Metal, with about 40 per cent of Japan's total capacity, depended on seamless pipe for about 90 per cent of its profits last year. Sumitomo alone last year earmarked Y400bn (£941m) to expand its capacity over two years.

Its present capacity of 135,000 tonnes per month will rise to 155,000 tonnes by the start of 1983.

Producers say that demand for higher grades of seamless pipe, required for drilling under difficult conditions, is expected to remain steady.

Morocco to encourage capital inflows

By Francis Ghilès,

Jacques Delors . . . may sign agreement

MOROCCO plans to allow foreign investors total ownership of industrial ompanies and to repatriate apital and dividends without prior authorisation in an attempt to stimulate the inflow of private foreign apital.

The legislation, which has been prepared by M Azzedine Guessous, Minister of Commerce, will be submitted for approval before the Chamber of Representatives, in Rabat, after Easter.

Once enshrined in the statute book, this code of investment will replace the older 1973 legislation, which only allowed foreigners a 50 per cent stake in the capital of Moroccan companies and insisted that a majority of Moroccan nationals sit on the board.

This more liberal code forms part of a programme of efforts deployed by the Moroccan Government to finance an ambitious 1981-85 Development plan which aims to invest Moroccan dinars 111bn (£10.5bn) over the next few years.

The private sector, both in Morocco and abroad, has been asked to provide 39 per cent of planned investment: apart from the new investment code, the government is seeking to simplify administrative procedures and create 33 industrial zones

Meanwhile, an agreement is expected to be signed later this month in Rabat by M Jacques Delors, French Finance Minister, and his Moroccan counterparts which will help finance about half the foreign exchange component of the Moroccan phosphate monopoly Office Cherifien des Phosphates' (OCP) $5bn expansion plans.

While the Soviet Union will help finance development of the new phosphate mine at Meskala near Marrakesh, France is taking a keen interest in the downstream processing of the phosphate rock.

UK wool exports rose by 8.3% in November

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

EXPORTS OF wool in November rose by 8.3 per cent compared with 12 months earlier to £35.7m according to the National Wool Textile Export Corporation.

During the three months September, October and November exports amounted to £105.5m, a rise of 8.6 per cent on 1980.

The figures are the first to be made available since the midde of last year. The strike by civil servants in 1981 prevented the publication of trade figures between March and September, though the Department of Trade hopes that it will be able to provide statistics for the missing months by the middle of this year.

The National Wool Corporation has estimated the industry's overseas sales at around £410m last year, a disappointing result. The 1980 figure was £412m and, even to have kept pace with inflation, would have demanded an outturn of over £460m.

The biggest setback was in sales to Europe, which are thought to have slipped by some 7.5 per cent. To compensate, exports to the Middle East rose by 2.1 per cent.

Nick Garnett, Northern Correspondent, adds: The U.S. trade deficit in textiles and clothing reached $5.7bn last year, the American Textile Manufacturers Institute said yesterday.

This was 40 per cent above the defict for the previous year though not as bad as some forecasters had predicted. The Institute said last month that the deficit might have reached $6bn.

Mr Robert Coleman, the Institute's president, said the largest ever trade deficit for the industry was particularly alarming because the domestic market remained flat.

The Institute called on the U.S. Government to negotiate the 12 bilateral agreements within the framework of the new Multi-Fibre Arrangement to ensure that intake from the major exporting countries was brought in line with the growth in the domestic market.

Imports to the U.S. rose 19 per cent in value last year to $10.6bn, but exports remained virtually stagnant, increasing less than half a per cent.

The volume of textiles and clothing imported rose 18 per cent but textiles alone by 31 per cent.

Unemployment in the U.S. textiles industry is now about 14 per cent with a further 8.5 per cent on short-time working of less than 35 hours.

Algerian glass plant deal won by France

PARIS—Technip, the French industrial plant design and construction company, has been awarded a contract by the Algerian state-owned Chemical Industries Corporation to set up a flat glass plant at Jijel, on the Mediterranean coast.

Technip gave no figure for the cost of the project, but industry officials believe it is worth more than FFr 500m (£45.4m).

The plant, which will use a modern process developed by Saint Gobain Vitrages, will comprise a plant producing windscreen glass. When fully operational, it will produce more than 20,000 tons of glass annually which will be used in Algeria's ambitious housing construction programme. Technip said it had been negotiating the contract with the Algerians since 1975.

The contract award follows the agreement reached between France and Algeria last week on revising the financial terms of France's liquefied natural gas (LNG) supply contracts. — Reuter.

●Serete, the French engineering concern, has signed a FFr 240m (£22m) contract with the East German Government to construct a silicon and ferro-silicon processing factory at Spremberg, Agencies report.

Societe Francaise D'Electrometallurgies (Sofrem), a subsidiary of the Pechiney Ugine Kuhlmann (PUK) group, will provide technical assistance.

● Saipem, the pipeline subsidiary of ENI, the Italian energy agency, has won a L130bn (£55.8m) contract to supply a water purification and distribution network for the Saudi Arabian capital of Riyadh, writes Rupert Cornwell in Rome.

The contract, signed in Riyadh by Mr Abdul Rahman Aziz, the Saudi Minister of Agriculture and Water, also involves a Lebanese company.

Middle East contract

BY OUR WORLD TRADE STAFF

PREECE CARDEW and Rider of the UK and Swedish Telecoms International are involved in a Middle Eastern project which could eventually include 15 different countries.

PCR, consulting engineers based in Brighton and Hove, in collaboration with Swedtel, have been appointed to supervise the implementation of one of what is said to be theadministratively most complex projects in the history of telephone and television international development.

They have been appointed by the Governments of the Yemen Arab Republic, the People's Democratic Republic of Yemen the Republic of Djibouti and the Democratic Republic of Somalia to monitor the interconnection of these countries, and the Kingdom of Saudi Arabia, microwave radio.

Ingersoll's Libyan success shows joint venture potential of UK

BY PAUL CHEESERIGHT WORLD TRADE EDITOR

INGERSOLL ENGINEERS of Rugby yesterday announced a £22m contract with Iron and Steel Projects Group, a Libyan state agency, to provide a five-year training programme for the large Misurata steel complex.

The contract emphasises the importance attached by developing countries to training programmes as an adjunt to major capital developments.

Ingersoll's first bids for the training contract were made in association with industrial groups seeking equipment orders. The Libyan authorities had specified that all the main plant contractors must submit plans for training programmes.

At the same time, the success of Ingersoll's bid underlines the UK potential for joint private sector-public sector ventures in this area of services exporting.

Ingersoll is the British subsidiary of a U.S. company of consulting engineers, bearing the same name. The contract is in the name of Ingersoll Engineering Projects, a unit of the British company.

Its order from Libya is the 25th contract placed by Iron and Steel Projects Group for the Misurata complex. Spending commitments have reached $7bn (£3.8bn).

Already 100 Libyans are waiting for the trainng programme to start. Under present plans, 350 people will be trained each year. The Libyan authorities had laid down that all training is to be in English, which

partially explains why Continental equipment manufacturers had difficulty in finding specialist training associates.

This difficulty opened the way to Ingersoll, whose first offer went in through Mannesmann-Demag, the West German group. Mannesmann - Demag later withdrew from the equipment bidding. Ingersoll was then associated with Marubeni of Japan before being invited by Libya to bid directly.

Negotiations have been spread over 2½ years, both with Iron and Steel Projects Group and with Dastur, the Indian consultants for the Misurata complex.

One of the major difficulties was that the Libyan authorities were not specific about their exact needs. Ingersoll had to make 11 bids to win the contract, each bid involving a greater degree of refinement in the training programme.

Ingersoll approached the programme from the vantage point of practical engineers, using experience gained while introducing new production systems for other clients, like Babcock Power at Renfrew.

However, the Engineering Industry Training Board has been drawn in to help with the content of the course. The Industrial Society and Industrial Training Services are also keeping check on the quality of the programme, the first from the point of view of management and second from the iron and steelmaking angle.

At a practical level, the Libyan authorities demanded a high standard of accommodation for the trainees and wanted the courses to be under one roof. The search for an establishment to meet both criteria eventually led Ingersoll to Eaton Hall International, run by Nottinghamshire County Council.

Ingersoll set up a team to bring together the different elements of the package eventually sold to Libya. But for a company with a staff of about 60, the running expenses of negotiating the contract — without any guarantee of winning it—were high.

However, Ingersoll was able to defray half its costs out of the Government's trade support budget. Had it failed to win the contract, the funds would have been written off by the Department of Trade. As it has won, the advance is treated as a loan.

UK NEWS

Car number plates to go into reverse

By John Griffiths

AFTER MORE than a year, the motor trade, Department of Transport, and — at the invitation of Mr David Howell, Transport Secretary — members of the public, have invented a system of vehicle registration marks to take new car buyers into the 21st century.

They have decided on a straightforward reversal of the existing system.

From 1983 onwards, registration plates will start with a letter denoting the year of registration, followed by a three-digit serial number, with the index letters of the office at which the vehicle is first *registered on the right: for* example: A123 BCD.

Mr Howell told the Commons yesterday that some of the 3,000 ideas put forward after the department invited proposals in July 1980 were "ingenious" — he did not elaborate — but the motor trade and most of the motoring public "overwhelmingly wanted a system which would minimise the cost of change."

Two issues remain unresolved.

One is whether new yearly prefixes will still be introduced in August. Until 1967, they changed in January.

Since then, at the request of car makers, it has been August. But this is in the holiday season.

It will also consider whether a different system should be used for imported vehicles and rebuilt vehicles being registered for the first time.

N. Sea oil price cut $1.50 a barrel

BY SUE CAMERON AND MARTIN DICKSON

THE PRICE of North Sea oil fell by $1.50 a barrel at midnight last night—as spot market prices of certain oil products continued to slide.

The spot price of naphtha—a key raw material in the making of petrol and petrochemicals—has dropped by 10.6 per cent over the past four weeks. The naphtha spot price was $311 a tonne in the second week of January. By yesterday it had fallen to $278 a tonne.

The general weakness of both the crude oil and products markets led the British National Oil Corporation, the leading trader of UK trade, to propose a $1.50 a barrel cut in North Sea prices last Friday, setting a new reference level of $35 a barrel for the rest of the first quarter.

Leading British oil companies, which have been calling for a price cut, were yesterday quick to accept the BNOC proposal. But some also said the drop was not big enough.

British Petroleum said: "The move is an appropriate acknowledgement of a very soft market but we would have preferred more of a reduction." *Shell said it saw a $1.50 cut as* an interim measure.

Traders say the continuing fall in oil product prices on the European spot market reflects earlier speculation that crude prices might be cut. Sales of Soviet oil products on the spot market have also helped to depress prices.

Spot gas oil prices have dropped from $311 a tonne to $287 a tonne in the last two weeks. Experts say this is partly because of a lack of confidence in the marketplace and partly because of Soviet attempts to raise hard currency by selling gas oil—unusual for the USSR at this time of year.

Traders say substantial amounts of Soviet naphtha are en route for European markets. *Spot naphtha prices may well* fall further as a result.

In the last three months of 1981 average long-term contract prices for naphtha in Western Europe were between $330 and $337 a tonne. But with the slide in spot prices most of the major petrochemical companies have delayed settling their first quarter contract prices for this year in the hope that they will be able to secure a better deal from sellers.

Meanwhile UK pump petrol prices are continuing their downward spiral. In the Wirral, in the North West, petrol stations are offering four star at 148.8 a gallon and in the Wilmslow area of Cheshire pump prices at some garages are down to 139.5p a gallon. The price war at the pumps is being sustained by the major companies' desire to maintain their market share and by smaller, independent concerns importing cheap petrol from the spot market.

Opec price move, Page 3

Welsh unemployed are staying jobless longer, says MSC

BY ROBIN REEVES, WELSH CORRESPONDENT

THE NUMBER of long-term unemployed in Wales has doubled in the past year to account for nearly half of the 16.2 per cent Welsh jobless level, according to the Manpower Services Commission.

MSC figures show that by last October the number of people out of work for more than a year had reached 50,000. A further 37,000 had been unemployed for more than six months.

These figures compare respectively with 23,000 and less than 15,000 two years ago. The number of registered unemployed in January was a record 176,180.

The MSC says it is extremely concerned at this trend, and admits that the present levels of its programmes are able to provide effective help for only a small proportion of the long-term unemployed.

It also emphasises that the recession has hit young people in Wales particularly hard. More than 8,000 school leavers were still registered as unemployed in December—20 per cent more than a year ago, despite a substantial increase in the number being kept off the register by the Youth Opportunities Programme.

British Bakeries, part of Ranks Hovis McDougall, is to shut its Oxford bakery making all but 25 of the 192 workers redundant.

Ranks Hovis McDougall, whose pre-tax profits rose to £45.3m for the 53 weeks to September 1981 compared with £32m in the previous year, said the plant was unprofitable.

Two chemical manufacturers yesterday announced job losses of more than 145 people in Scotland and Wales.

Borg Warner Chemicals announced that 45 of its 400-strong workforce are to be made redundant at its Grangemouth plant in Stirlingshire. The company won the Queen's Award for Export Achievement last year after doubling overseas sales.

The company blamed the recession in the plastics industry and overcapacity of compounding equipment in Europe.

Ashland United Kingdom Chemicals, which manufactures carbon black, is to close its Swansea factory in mid-May with the loss of 100 jobs.

The American-owned company said that the tyre and rubber industries had been affected by successive oil crises which had resulted in a dramatic fall in the demand for carbon black.

"During the last two years, or so, we have seen two of our four UK competitors going out of business because of overcapacity in the carbon black industry," it said.

Hornby Hobbies is to make 59 redundancies among administrative and clerical employees, it announced yesterday. The company said: "Our production workforce is being maintained at full strength, but we are obliged to run a tighter ship to maintain our competitive edge."

Fleur Beauty Products, of Ripley, Derbyshire, which has called in the receiver, has made its 50 workers redundant.

Number of civil servants cut by 56,900

By Philip Bassett

THE GOVERNMENT is more than half way towards its target of reducing the Civil Service to 630,000 employees by 1984, according to quarterly figures released yesterday by the Treasury.

Since the Government took office in May 1979 the number of civil servants has fallen by 56,900 to 675,400 last month. This is the lowest figure since 1967.

There are 532,800 non-industrial or white-collar staff, and 142,600 industrial or blue-collar workers.

The reduction in the final quarter of 1981 was 4,400. The planned overall cut by the next general election is 102,000.

Bank service review

A REVIEW of services provided by the clearing banks is to be carried out by the National Consumer Council at the request of Mrs Sally Oppenheim, Consumer Affairs Minister.

A report is likely to take at least six months to complete. The investigation follows concern in Whitehall about the number of complaints about banking services.

Motor tax cut call

THE ROYAL Automobile Club yesterday urged Sir Geoffrey Howe, the Chancellor, to cut motor taxes in the Budget or spend more on roads.

It said the surplus from taxes after deducting spending on roads was about £6bn last year. It has started a nationwide campaign to narrow the difference between tax revenue and road expenditure.

Supermarket opens

SAINSBURY'S TODAY will open one of the largest supermarkets in inner London.

The store at Nine Elms, adjacent to the new Covent Garden market, has more than 25,000 sq ft of sales space. This is nearly five times the size of Sainsbury's store in Victoria Street, SW1. It will create 360 jobs.

Aims in GLC row

AIMS OF INDUSTRY, the free enterprise pressure group, is involved in a row with Greater London Council about the Keep London Free Campaign which was supported financially by a number of large companies.

Mr Ken Livingstone, GLC leader, asked reportedly for information on the businessmen involved and whether they had any dealings with the GLC.

Aims has referred the affair to Mr Michael Heseltine, Environment Secretary as "economic blackmail."

Whitehall relieved by three Chevaline test successes

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THREE test firings of Chevaline, the multi-million pound project designed to update Britain's Polaris nuclear deterrent, have been "100 per cent successful," say Whitehall sources.

If the fourth and final test, due this week, also succeeds, the way will be clear for deployment of Chevaline on the Polaris submarine Renown later this year.

The Ministry of Defence expects to make a formal announcement about the tests after completion of the final firings.

The Chevaline project, described by officials as "the most complex piece of weapon system engineering ever undertaken in Britain," is already at least a year behind schedule.

Few details have been officially released about the project, which aims to improve the missile warhead's penetration of the Soviet ballistic missile defence system.

However, it is known that there have been setbacks during earlier tests, especially in November 1980, which threatened both further to increase the cost and to delay the project's implementation.

Cevaline was approved by the Wilson Government when it was expected to cost some £350m and to be ready by 1979. The most recent cost estimate was £1bn at 1980 prices.

NatWest small businesses loan scheme tops £500m

BY TIM DICKSON

LENDING under National and Westminster Bank's Business Development Loan Scheme, introduced in 1971 with small businesses in mind, totals more than £500m, the bank announced yesterday. There have been advances to more than 50,000 customers.

The scheme allows corporate customers to borrow sums from £2,000 to £250,000 over periods of one to ten years, on either a secured or unsecured basis.

The interest rate is fixed—currently 15.5 per cent effective secured and 17 per cent effective unsecured over 10 years—with repayments, including interest, taken on a monthly basis.

The bank says that the outgoings for the life of the loan are constant "and the businessman is able to budget his commitment accordingly."

Banks have come in for strong criticism in the past few years for allegedly "not lending enough on a medium-term basis." National Westminster has lent £100m under this scheme in the past five months alone.

NatWest Business Development Loans can accommodate expenditure for both capital and working capital purposes, whether for extending or buying premises, providing plant, machinery or vehicles, or simply providing additional finance to help increase business.

William Hall looks at the bank trying to keep Laker flying and, below, **Michael Donne** reports on the airline's rivals

Orion's attempt to rescue Sir Freddie surprises the City

THERE WAS considerable surprise in the City yesterday at the news that Orion Royal Bank was trying to put together a rescue operation to keep Sir Freddie Laker, and Laker Airways, flying.

Seasoned merchant bankers, who had watched Samuel Montagu, an old-established merchant bank, fail to find a formula to save the airline, were sceptical over whether Orion, a relative newcomer to the City, could solve Sir Freddie's grave financial difficulties.

Orion is far better known in the international financial markets, where it has built a name for itself arranging syndicated loans and managing bond issues, than in the traditional domestic merchant banking arena occupied by the City's accepting houses.

Occasionally its name has been associated with colourful "one-off" merchant bank type transactions, often masterminded by Christopher Chataway, the former Tory Cabinet minister, who joined the bank in 1974.

He put together the sale to the Shah of Iran of Babcock and Wilcox's 25 per cent stake in its German affiliate.

He was also instrumental in selling the Dorchester hotel in London to Arab interests and helped arrange the sale of France's Isola 2000 ski resort to a Beirut-based real estate company.

But for the most part the bank has concentrated on international merchant banking, and its experience of rescue operations is modest.

The bank was formed in 1970 by six of the world's most powerful banks — Chase Manhattan, National Westminster, Royal Bank of Canada, Westdeutsche Landesbank, Credito Italiano and Mitsubishi Bank. Originally there were two banks Orion Bank and Orion Termbank, but they were merged in 1974.

The original intention was for the bank to concentrate on medium-term lending, an area where the shareholders were weak. But it soon became clear that Orion's parents were entering this market themselves and so Orion had to rethink its strategy.

Orion began to make a name for itself after the appointment of Mr David Montagu as chief executive in 1973. Mr Montagu had left his family merchant bank, Samuel Montagu, following its acquisition by Midland Bank.

He quickly developed Orion *into a truly international mer*chant bank. It was soon ranking among the lead managers in the Eurobond market.

Its profits jumped from £4.9m in 1974 to £10.1m in 1978 *while its assets nearly doubled* to just over £1bn.

But the bank's relationship with its shareholders was always an uneasy one, especially as they began competing with each other. In 1979 Mr Montagu quit and soon afterwards five directors left to pursue other careers.

Over the next 18 months the bank drifted, and its profits slipped, adding to speculation that it would be taken over. Last *April, the Royal Bank of* Canada, Canada's largest bank and the fourth largest in North America, bought Orion Bank for just over £50m.

The Royal Bank of Canada had *set up its own merchant bank in* London a couple of years before, and was anxious to expand it rapidly, by grafting on Orion's expertise.

The intention is to make Orion Royal Bank, as it has been renamed, the flagship of the Royal Bank's worldwide merchant and investment banking activities. Orion has assets of $1.5bn and more than 400 staff.

It is too early to see how Orion performs under the wing *of the Royal Bank, but past* experience indicates that the acquisition of merchant banks by large international banks has not always worked out.

After the takeover, the Royal Bank put in one of its own men, Viscount Hardinge, as chief executive, replacing Jeff Cunningham, a former Chase Manhattan banker. Mr Cunningham is devoting himself to his outside interests but stays on as a non-executive deputy chairman.

William de Geisey, Philip Hubbard and Mr Chataway, are among the original Orion team to stay on after the acquisition. Their expertise provides the core of Orion's merchant banking strength.

Overcapacity makes flying conditions grim for North Atlantic airlines

AIRLINES flying the North Atlantic route between Western Europe and North America sympathise with the plight of Laker Airways, but they privately admit they are not surprised at the events of the past few days.

The key to Laker's collapse was the deciison last November by Pan American to slash its North Atlantic rates between the U.S. and UK to Laker's levels, a move quickly followed by British Airways and Trans World Airlines.

Laker had picked the fight on the route a long time earlier by offering cheap rates, and attacked the "predatory" move by the "big three."

But their action proved impossible to beat in the prevailing climate of soaring costs and poor traffic.

Many airline observers believed it could be only a question of time before one of the four contenders went to the wall.

The financial situation is grim for all the North Atlantic airlines—there are more than 30, including scheduled operators and charter airlines.

The International Air Transport Association estimates that last year alone, they lost between them $500m (£270m) and says the route as a whole has not shown a profit for nearly ten years.

The route is therefore responsible for about 25 per cent of the world airline industry's total losses of more than $2bn last year.

It is difficult to determine which airlines on the route are making the losses. None will admit to them openly, and individual route finances are never published.

Even the IATA figure is more a "guesstimate" than a precise indication of what is happening.

But clearly the route, once one of the richest in the world, is a millstone round the necks of many airlines. They continue to fly it only for prestige and in the hope that one day it will again be a goldmine.

The biggest problem is overcapacity — too many seats chasing too few passengers. Although the airlines have tried to reduce capacity where possible, they have clearly not gone anywhere near far enough.

IATA figures show that in the first ten months of 1981 the airlines on the route (between all Western European and *North American points* served) offered more than 23.6m seats (on scheduled and charter services together), and carried just over 16.83m passengers, a load factor of 71.3 per cent.

The 6.78m empty seats were the equivalent of nearly 17,000 empty 400-seater Jumbo jets, or about 46 Jumbos flying empty *on the route every day.*

Removing the over-capacity is difficult. Although IATA is anxious to see substantial rationalisation, most governments still want to see their own flag airlines flying to and from the U.S.

The U.S. Government remains hostile to any kind of agree*ments among the airlines to* control capacity, which it regards as a violation of the U.S. anti-trust laws.

Efforts by the airlines at IATA's annual meeting in Cannes last November even to discuss the possibility of capacity cuts were frustrated. Representatives of U.S. airlines left *the chamber to avoid possible* criticisms by their own Civil Aeronautics Board of being parties to any kind of capacity control discussions.

Capacity controls, therefore, seem likely to emerge only as a result of market forces. These have already worked, for example, to bring about the downfall of Laker, thereby removing several wide-bodied jet flights daily from the route.

Individual airlines may be obliged to reduce their own frequencies in the coming months, if the Atlantic air travel market remains slack. Some may withdraw from the route because of poor traffic results, as both Braniff and Western of the U.S. have done recently.

Fares are inevitably going to rise, but this is not a direct result of the Laker affair. Before Laker collapsed, the airlines in IATA had agreed at a meeting in Miami to raise their rates in March by 10 to 15 per cent, subject to government approvals.

Some airlines already fore*cast further rises before the end* of the summer, if not earlier.

Those collective losses of more than $500m have to be halted somehow and fare rises are the most immediate solution.

The airlines have also tried to restore some commonsense into the fares structure by simplifying it to four broad classifications — first class, intermediate class (sometimes called business class), economy class and discount class.

It is intended to phase in this structure by mid-May, in time for the busy summer season. If this works, it will be a boon to the airlines, the travelling public and travel agents.

One recent estimate suggested there were well over 20 separate fares between the UK and U.S. alone, with so many conditions that ticket selling was an agents' nightmare.

As an example of the fares changes planned the advanced purchase excursion return rate between London and New York will rise from last summer's $628 to $720, or about 14.6 per cent.

The Miami agreement is limited to the U.S., UK, Eire, Germany, Holland, Belgium, Portugal and Switzerland. Further efforts are to be made to try to extend it to other European countries.

Another IATA fares meeting will be held in Geneva from February 17, to consider possible fares rises between the U.S. and Scandinavia, Spain, Italy and other European countries not covered by the agreement.

BA chief urges lower European costs

AIRLINES should cut costs and improve efficiency, if they wanted to be profitable in the current economic climate, said Mr Roy Watts, deputy chairman and chief executive of British Airways, yesterday.

In the annual Brancker Memorial Lecture to the Chartered Institute of Transport in London, he said the real cost of providing scheduled air services in Europe could and should be reduced, Michael Donne writes.

The main benefits would be cheaper business fares and more low fares "not subject to arbitrary restrictive conditions."

On air transport regulation, he said the current policy of the UK Civil Aviation Authority represented "an attempt to simulate a state of competition, while avoiding de-stabilising effects."

"I can give cautious approval to the policies being pursued by our own CAA. They facilitate the kind of flexibility and innovation that British airlines have demonstrated can be achieved."

Mr Watts said a recent *study for the European Trans*port Commission, predicting European tourism would double in 15 years, seemed plausible.

The outlook for business travel, too, looked "*moderately optimistic*" if reasonable economic growth could be maintained.

But he said he was unhappy about the recent sluggish growth of visitors to the UK, especially from long-haul markets, in spite of the increased availability of low fares.

To some extent this could be blamed on the recent strength of sterling and instability of exchange rates, but part of the trouble clearly *related to rapid rises in hotel* and restaurant prices.

Mr Watts also criticised current European government attitudes to air traffic control problems.

Wallpaper sale makes £218,366

SALEROOM

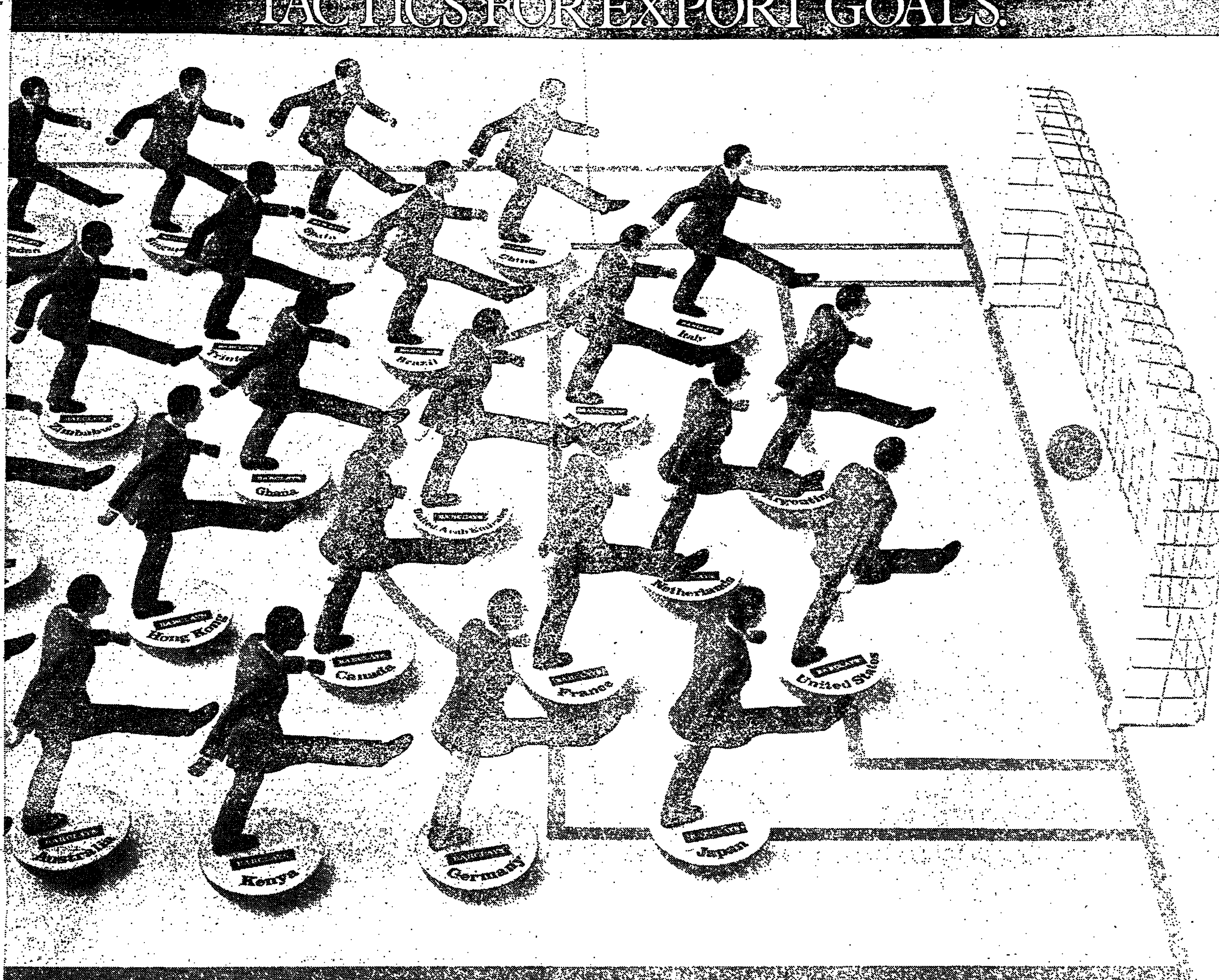
BY ANTONY THORNCROFT

SOTHEBY'S started its Monte Carlo sales week on Sunday by selling one of the most important collections of wallpaper still privately owned—the property of Maison Follot, the wallpaper designers of Paris. The auction totalled £218,366, with just 2 per cent bought in.

The French Government ensured that many lots will go to French museums. It bought for £9,900 an album of samples of the 18th century designer Reveillon. The samples date from 1770-89, when the factory was destroyed by riot.

Another album from the same source was bought by the state for £6,300.

TACTICS FOR EXPORT GOALS.



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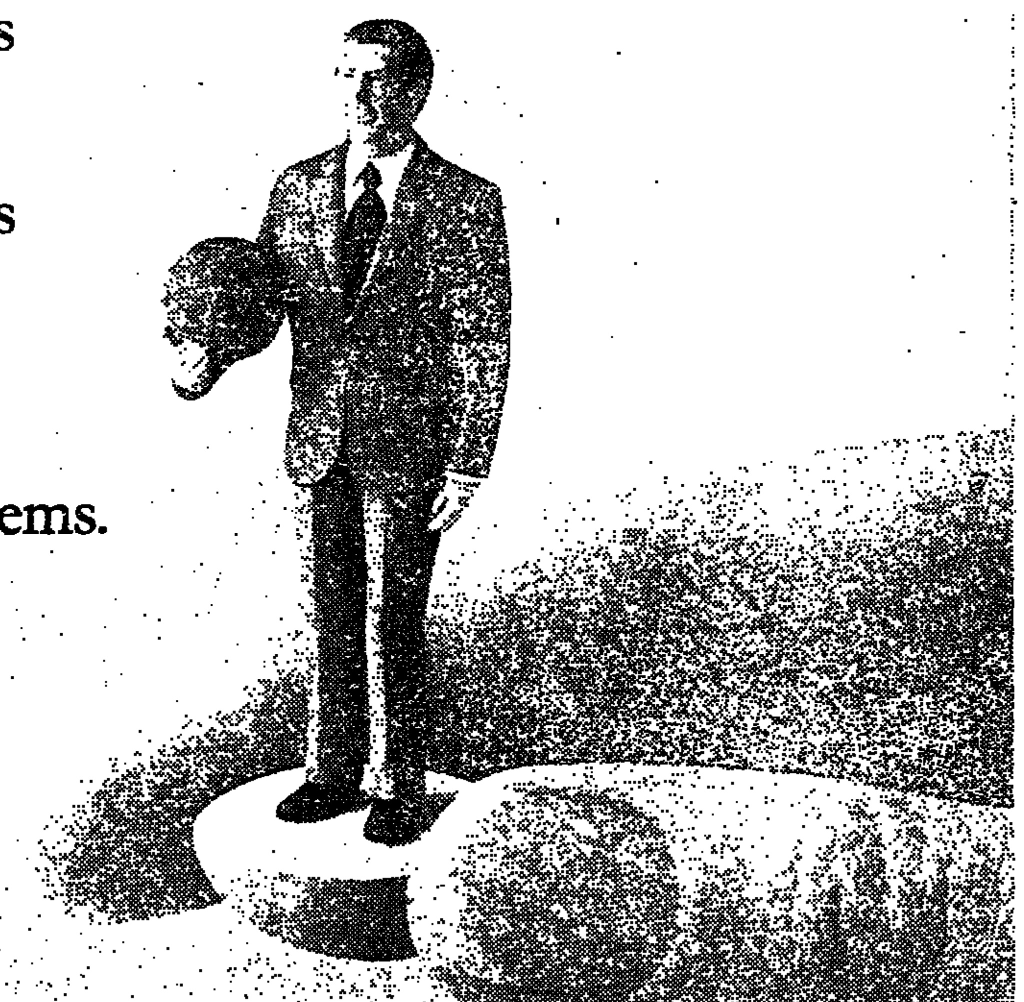


BARCLAYS International

PEOPLE WHERE IT COUNTS.

Dragados 'hedged around' by planners

By Maurice Samuelson

THE WELSH OFFICE is considering giving a £1.5m development grant to Spain's biggest company to open an oil rig construction yard in Pembroke Dock.

But the company, Dragados y Construcciones, says even with the grant it may abandon the project because of "irritating conditions" attached to planning permission received from South Pembroke District Council and the harbour authorities.

These are that it should plant a screen of trees round the yard, built on the site of two Sunderland flying boat hangars, that it should lay a new access road, that there would be no tall arc lights, and that the harbour would not silt up.

The yard, Dragados's first outside Spain, would provide 250 to 300 permanent jobs in the spring of 1983, rising to several hundreds more once it landed large offshore contracts. The total cost is expected to exceed £6m and the application for a development grant will be considered by the Welsh Office's finance committee on March 1. The region has about 20 per cent unemployment.

"If the grant goes through, we would only be deterred by silly planning restrictions or if we felt the Government is antagonistic to us," says Blue Limit Consultancy Services, the London company conducting negotiations for Dragados.

Besides rejecting what it terms "silly and unacceptable" planning conditions, Dragados is seeking assurance that the Government is not antagonistic. It suspects that the Scottish Office, worried by the high overcapacity in the existing fabrication yards in Scotland and the North East, has been putting pressure on the Welsh authorities to block the development grant.

If negotiations break down Dragados is said to be ready to select an alternative site in Brazil, Mexico or Canada.

It firmly rejects the argument about overcapacity in UK yards, claiming that a high proportion of the value of contracts won in Britain is subcontracted abroad. Dragados, which has won nearly £100m of North Sea oil construction work in the past seven years, has been one of the beneficiaries. It recently gained £4m worth of subcontracting work from the McDermott yard for Conoco's new tension-leg platform.

£75m plans to redevelop Billingsgate are unveiled

BY ANDREW TAYLOR

PLANS FOR a £75m redevelopment of London's Billingsgate fish market were unveiled yesterday by S. and W. Berisford, commodity traders, and London and Edinburgh Investment Trust, a private property group.

Berisford and London and Edinburgh have already paid £22m—included in the £75m—for the site where they plan a development of more than 350,000 sq ft.

There has been a market at Billingsgate since the 11th century. Last month the fish market, which received a royal charter in 1669, closed and moved downstream to a site on the Isle of Dogs.

The joint developers hope their scheme will provide a home for another Billingsgate market. They are having discussions with the London Commodity Exchange, which has shown interest in making Billingsgate its new headquarters.

The plans envisage refurbishment of the market building to provide more than 133,000 sq ft of trading space. Two office buildings of 80,606 sq ft and 107,717 sq ft are proposed, with a further 33,466 sq ft of office space to be built on two floors above the market building.

The new buildings will be covered in solar reflective glass. They will be 12 and nine storeys high respectively, reducing in stages to five storeys to the east of the development.

It is proposed that Berisford would retain one of the new blocks for its own occupation.

The plans have been submitted to the City of London Corporation which last month agreed the sale of the site freehold.

Hillier Parker May & Rowden, development consultants for the scheme, say it is likely that developers will seek funding from an investment institution.

If the plans are approved, it is likely building work will start at the end of this year, with the scheme due for completion in early 1985.

Planning approval will have to be given by the Greater London Council.

Preparation of the plans has been fraught with difficulty. A decision two years ago by Mr Michael Heseltine, Environment Secretary, to list the building as being of historical interest has restricted the extent to which the site could be commercially developed. The need to protect riverside views has restricted design possibilities.

Potential problems include frozen ground beneath former cold stores and the possibility of lingering fish smells. Neither aspect is expected to cause serious difficulties, says Mott Hay and Anderson, consulting engineers. Covell Matthews Wheatley Partnership is the architects.

A number of construction companies shortlisted for a management contract include John Laing, Wimpey, Taylor Woodrow, Trollope and Colls.

U.S. company expands in Belfast

BY OUR BELFAST CORRESPONDENT

HUGHES TOOL, one of the longest-established U.S. companies in Northern Ireland, is to expand its Belfast operations and increase its labour force by 330.

The province is starved of new investment and the growth of existing overseas companies helps to improve its image, particularly in the U.S.

Hughes Tools in investing £7m to extend manufacturing capacity for drilling bits, used mainly in oil exploration. It will take over a Government advance factory at Monkstown, outside Belfast, and begin production in the autumn. Ninety per cent will be for export.

The expansion was announced yesterday by the Northern Ireland Commerce Department amid trade union criticism about Government plans to set up a unified industrial development structure.

The Northern Ireland Committee of the Irish Congress of Trade Unions (ICTU), which has had talks with ministers about the plans, said there were shortcomings in the proposed Industrial Development Board for Northern Ireland.

Unification of the job creation effort was announced in August. The unions believed then the board would have a professional and businesslike approach and operate reasonably independently from the Government.

However, the ICTU Northern Ireland Committee said it now understood the board would be advisory, staffed largely by civil servants and have a chief executive—a civil servant—directly answerable to a minister.

It had "very grave reservations" about Government thinking and could not support the proposals.

The Government has yet to publish its draft proposals and the unions said their final judgment would be made when they heard details.

Senior figures in job creation in Northern Ireland are expressing private disquiet about current thinking. However, only the unions have spoken out so far.

Thorn-EMI to research solid fuel plant

BY MAURICE SAMUELSON

THORN-EMI, the electronics, engineering and entertainments group, has set up a research and development company to improve industrial equipment and to encourage the switch from oil.

It will be called Thorn-EMI Energy Developments and based at Dudley in the Midlands, alongside Parkinson Cowan GWB, the group's shell-boiler-making plant. This is soon to be renamed Thorn-EMI Industrial Boilers.

Parkinson Cowan GWB is a market leader in medium-size boilers geared to burning coal and waste products. Its name change is part of Thorn-EMI's attempt to strengthen its corporate identity since its two constituent parts merged two-and-a-half years ago.

Thorn-EMI Energy Developments will be headed by Mr John Tatem, Parkinson Cowan's chairman, and Mr Reg Northcote, its former marketing manager. Mr Tatem remains titular chairman of Parkinson Cowan but has handed executive responsibility to Mr Archie Peebles, its managing director.

Like other shell boilermakers, Parkinson Cowan was disappointed by industry's failure over the past year to invest heavily in coal-burning plant, in spite of 25 per cent capital grants offered by the Industry Department.

Bow Group calls for increase in child benefit

By Lisa Wood

CHILD BENEFIT should be increased by £1.50 or more in next month's Budget in preference to general reductions in taxation, members of the Bow Group told the Chancellor of the Exchequer today.

Shortfalls of 2 per cent in this year's unemployment benefit and 5 per cent in that for 1980-81 should also be made good in this November's uprating of benefits, the Bow Group's standing committee on family and social services said in its letter to Sir Geoffrey Howe.

Mr Peter Bottomley MP and Mr Michael Lingens, authors of the letter, said there was insufficient evidence of disincentives to work consequent on small differentials between benefit and income in employment to justify cutting benefits.

"Changes should not be made by cutting away at the base of the benefits/tax structure," they said. "The way forward is to concentrate resources on the low-income working family through substantial increases in child benefit.

"Such changes should be at the expense of freezing the married man's allowance or forgoing general reductions in personal taxation."

The cuts in the real value of State benefits have serious political implications, say the authors. "The Conservative Party is a caring party—the decisions on short-term benefits create a rod for our own back."

Eric Short writes: The Child Poverty Action Group has called on the Chancellor to increase child benefit by at least £1 a week.

In its annual pre-Budget submission, the group points out that an increase of 60p is the minimum necessary to prevent any further erosion in the value of the benefit, and the £1 increase would restore it to its 1979 value.

Like the Bow Group, it suggests that this increase could be paid for by freezing the married man's tax allowance.

The document challenges the Cancellor to fulfil the Government's claim that it is a "caring and compassionate" party. To this end, it wants the 2 per cent shortfall in the November 1981 uprating of social security benefits to be restored for all benefits, including unemployment benefit, and not just to pensions and long-term benefits as promised by the Government.

The group also wants the 5 per cent cut in the real value of unemployment benefit in 1980-81 restored when the benefit is brought into the tax system next year.

Rosemary Burr writes: The Equal Pay and Opportunity Campaign, a pressure group working for equal rights in employment, has written to the Chancellor asking him to change the tax rules on the treatment of married women.

Although the group would ultimately like to see the married man's allowance abolished and each pearson taxed as an individual on both earned and unearned income, it realises that "such a radical reform at this time would be expensive in terms of both revenue and staff costs." As an interim measure the campaign suggests introduction of the option for independent taxation.

If this were introduced, couples could choose either to be treated as separate individuals for all their income or opt for equal sharing of the combined allowances and rate bands.

Last December, the Law Society urged the Government to introduce mandatory separation of taxation of husband and wife. In a far-reaching report it highlighted the way the present tax rules discriminated against a married couple in favour of the divorced.

A One Nation Budget, by Ruth Lister, from the Child Poverty Group, 1, Macklin Street, London WC2B 5NH; price £1.20.

Receivers called in week after Rapport car group sale

BY JOHN GRIFFITHS

RECEIVERS MOVED into the Rapport International group, best known for its range of specialist cars, six days after its sale to a London-based Middle Eastern businessman.

Mr Ian Leaf, the 28-year-old chairman and sole shareholder of Rapport International (Holdings) announced the sale of the Rapport name, specialists in car-making, Armalite armour-plating and electronics activities to Mr Albert Mirko on Tuesday January 27.

Three days later, Mr Mirko invited the group's bankers, Barclays, to send in receivers. They moved into Rapport's car plant, at Park Royal, London, on Monday February 2.

Mr Mirko was unavailable for comment on why the step was taken. Mr Leaf describes Mr Mirko as a man of diverse business interests and extensive manufacturing experience backed by "considerable financial resources."

The implications for the future of Rapport, which employs about 70 people, are expected to emerge over the next few days.

Under the terms of the sale, Mr Leaf retained Rapport's car retailing facilities at London's Park Lane, Marlow and Poole, together with the group's marine and aircraft retailing operations, its property rental and overseas trading activities. These have been grouped under the name of Symbol, a new holding company set up by Mr Leaf.

Mr Leaf said it had been expected that Rapport, under its new owner, would supply Symbol with the existing range of vehicles. Symbol had been expecting to place orders worth about £4m this year.

Depending on the outcome of the receivership, Symbol could be faced with reverting to the system on which the company was first built up—obtaining its vehicles in whole or in part from outside sub-contractors. It has been in contact with Panther, the West Byfleet-based specialist car maker bought out of receivership last year by a South Korean shipping company.

The sale price of the Rapport interests has not been disclosed. Mr Leaf said last week the value of potential orders for them at their time of sale was £100m. The car-making side turnover was £3½m last year.

Rapport was founded by Mr Leaf in 1975, originally as an overseas trading company. Its vehicle range now includes a convertible Metro, various Range Rover conversions embracing also a six-wheeler, a Honda Accord-based executive saloon, the Rapport Ritz and a sports car, the Forte. About 400 cars were sold last year. Rapport also builds armoured vehicles (through its Armalite division), ambulances, fire tenders and other specialised vehicles.

The Symbol group expects to turn over about £10m this year from its main activities.

The concept for the Symbol group is to develop a cross-market sales operation for luxury cars, boats and aircraft—on the basis that the purchaser in one category is likely to be a potential purchaser in the other two.

Meanwhile, Symbol is negotiating the acquisition of two "well-known" motor retail and servicing networks, expected to double Symbol's £5m motor trade turnover.

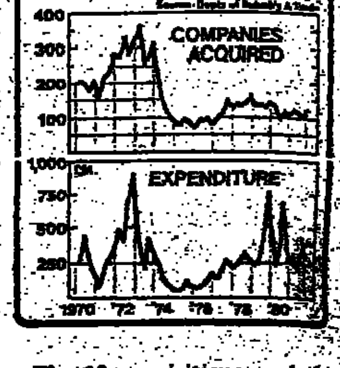
Ten major deals boost takeover statistics

By Duncan Campbell-Smith

TEN LARGE company acquisitions in the final quarter of 1981 accounted for a substantial increase in acquisition activity compared with the previous quarter.

This is shown in statistics published in British Business, the official magazine of the Department of Trade and Industry.

Acquisitions & Mergers of Industrial & Commercial Companies in the UK



The 10 acquisitions, each for more than £10m, included Tarmac Roadstone Holdings' purchase of the Hoveringham Group for £40.1m, BTR Industries' purchase of Serck for £25.5m and McLeod Russel's purchase of Warren Plantation Holdings for £24.4m.

In the last three months of 1981, 120 companies were acquired for a total of £281m. This compares with 102 companies acquired for £182m in the previous quarter.

The final quarter boost was not enough to push the aggregate for 1981 above that of 1980.

In 1981, 452 companies were acquired for £1.14bn, as against 469 companies for £1.47bn in 1980.

One distinguishing feature of last year was the proportion of cash bids to paper bids. Cash bids represented 68 per cent of the aggregate consideration, the highest proportion since 1978.

Issues of ordinary shares accounted for just under 30 per cent, with fixed interest securities making up the remainder.

Industrial and commercial companies was the sector which increased acquisitions most in last year's fourth quarter, with expenditure up by nearly 50 per cent.

Small acquisitions predominated as usual. Of the 120 companies bought, 87 accounted for only 12 per cent of the aggregate bill.

The average expenditure on an acquisition over the quarter was £3.3m compared with £2.6m in the previous quarter.

This left the average for the whole year at £2.5m against £3.1m in 1980.

Underwriters accept ruling on ships trapped in Gulf

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THERE is to be no appeal against the decision of a High Court judge in last month's test arbitration over the insurance implications of the trapping of more than 70 ships as a result of the Iraq-Iran war.

Lloyd's underwriters involved in the case, who were represented by Mr Norman Compton, have decided to accept the decision of Mr Justice Staughton.

While dealing principally with the vessel selected for the test case, the judge acknowledged the concern of the marine insurance market in general by offering guidelines for the benefit of those concerned with all the trapped vessels in respect of which insurance claims have been made.

Essentially, the judge held that, where an additional war-risk premium covering the Gulf had been paid, or where a shipowner had obtained cover against "blocking and trapping," underwriters were liable.

Where claims for loss or damage by detention in the Gulf were specifically excluded, there was no liability.

Estimates of the total insurance bill—by far the largest part of which will fall on the London market, either through direct insurance or reinsurance—have ranged between $200m (£107m) and $400m.

Finance on used cars for dealers

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITISH Car Auctions and United Dominions Trust are to launch the first UK scheme to provide dealers with finance for used car stocks.

United Dominions Trust is the finance house subsidiary of the Trustee Savings Bank group. British Car Auctions claims to be the largest vehicle auction organisation in Europe.

Under the scheme — to be known as the BCA Dealer Passport—dealers will make no payment for up to 90 days on cars acquired at a BCA auction.

At the end of that period, or when the car is sold, the dealer will pay UDT for the car plus a charge related to the Finance House Base Rate—15½ per cent per annum compared with the present 14 per cent minimum lending rate.

Mr Peter Bertram, UDT's sales director, said the charge would vary from ½ to 6 per cent above the Finance House rate, depending on how much business on each car the dealer gave UDT by arranging finance for the customer. UDT reckons it already accounts for one in six finance agreements on new and used cars in Britain.

Dealers must first be given credit clearance by UDT and the cars involved remain the property of the finance house until paid for. However UDT's risk is minimised because dealers contract to buy the car after 90 days whether they have sold it or not.

At first the scheme will cover only cars acquired at BCA's Union Jack auctions, where the vehicles offered are under two years old with guaranteed history and mileage, and of a showroom quality which makes them readily resaleable.

Power boards snow plans could improve

BY MARTIN DICKSON, ENERGY CORRESPONDENT

AN INQUIRY has recommended improvements in area electricity boards' emergency procedures following widespread power cuts during December's blizzards.

A report to the Government by Mr Austin Bunch, chairman of the Electricity Council, says that the performance of the boards was generally of a very high standard.

But he lists several aspects of boards' procedure which he says require attention or further study.

They include:

Boards should standardise their differing plans for declaration of an emergency. Each should declare an emergency when it cannot restore supplies within 24 hours using its own resources.

Area chief engineers should make more use of meteorological information.

Adequate plans should be made to call in help from other areas and private contractors in an emergency. Boards should also make greater use of local authorities to gather and spread information.

Helicopters should be better used.

More than 1m consumers lost power supplies because of blizzards on December 13. There were 75,000 more cuts from storms on December 19. Some consumers were without power for five days.

Private capital outflows surprise Whitehall

BY DAVID MARSH

THE TRADES Union Congress has just called on the Government to tighten surveillance of the large outflows of capital which have taken place since exchange controls were abolished two years ago.

However, what neither the TUC nor most other people — including Whitehall officials — realised is that hundreds of millions of pounds of private capital were streaming annually into foreign bank accounts long before controls were removed.

This has become apparent from figures collated by the Bank for International Settlements (BIS), which the Government only recently has started to monitor.

The disclosure is something of a surprise to Whitehall statisticians concerned with the balance of payments. They, with most other observers in and out of Government, always assumed that because outflows were restricted they did not take place.

Obviously the statisticians reckoned without human ingenuity and the desire to get round the letter of the law.

According to the most up-to-date figures from the Central Statistical Office, the private sector built up £254m in foreign bank accounts in 1977, £626m in 1978 and £405m in 1979.

The outflows grew to £1.08bn in 1980, the first full year after controls ended, but tapered to £228m in the first six months of 1981, the latest period for which BIS figures are available.

These outflows are separate from the large movements of portfolio investment—mainly by insurance companies and pension funds—into foreign securities over the past two years.

This is a particular preoccupation of the TUC which intends to put pressure on pension fund trustees to channel such investment more towards domestic industry.

The discrepancy between the figures and assumptions on private sector outflows is thought to be only partly due to banknote smuggling.

This must have taken place before controls were abolished, but the amounts plainly have been too large to be accounted for solely by those taking the suitcase route to Zurich.

Whitehall concedes that some deposits were built up legitimately by companies holding working balances overseas by agreement with the Bank of England. These, however, were thought to be "trivial."

Additionally, residents working or visiting abroad may have acquired bank balances which, strictly, they should have brought home.

The year-by-year accruals of interest on such accounts would represent a substantial amount of money.

However, the exact way the funds have come to be placed abroad is still—and probably will remain—a mystery.

Union may try to oust left extremists from Labour

BY BRIAN GROOM, LABOUR STAFF

THE Amalgamated Union of Engineering Workers, Britain's second largest union, may try to force extreme left-wingers out of the Labour Party by pressing for the re-introduction of a list of proscribed organisations.

Such a move would subject the party's fragile, month-old truce to further strain. Left-wingers have made it clear that they will continue to fight "witch hunts."

At least one of the AEUW's divisions, the West Midlands, has submitted a resolution calling for a new proscribed list to the union's meeting in April of the engineering section's policy-making national committee.

The union's right-wing leadership believes the resolution could succeed and that a motion on the same lines may become one of the AUEW's two resolutions to this autumn's Labour Party conference.

The party's proscribed list was abolished in 1973. It contained 31 organisations, such as the British-Soviet Friendship Society and the Socialist Labour League. Many considered it a clumsy and inefficient method of keeping undesirable elements out.

The right has a majority on the 91-member national committee. It controls the executive, and its influence has been extended by a rule change stipulating that the delegations to the TUC and Labour Party conferences will be selected by divisional committees, rather than by branch votes of political levy payers.

Such a resolution might not be chosen for debate at the Labour conference, particularly if the party's truce holds. But any pressure for a new proscribed list would be viewed as unhelpful by the party's conciliators, who are trying to avoid conflict over the investigation into the Trotskyist Militant Tendency.

Mr Sid Weighell, general secretary of the National Union of Railwaymen, failed last year to get a similar resolution debated at the Labour conference. It was amended and strengthened by the Iron and Steel Trades' Confederation.

The NUR would be committed by its existing policy to support another such motion, but some of the union's leaders are believed to be against stirring up further infighting by holding a debate on the subject this year.

However, Mr Terry Duffy, president of the AUEW, is known to be deeply sceptical of the accord reached between Labour's warring factions at last month's Bishop's Stortford meeting, which he did not attend. He feels it did not deal with the problem of right-wingers who have fallen foul of left-controlled selection committees.

John Lloyd adds: Mr Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staff and a leading trade union right-winger, claims the Bishop's Stortford "treaty" effectively stops further moves by the left.

Writing in his union journal, Mr Grantham says Mr Tony Benn's "privately intimated" decision not to contest the leadership or deputy leadership posts means that he "avoids the inevitable defeat" and "has freed the party from damaging electoral campaigns."

Mr Grantham says the conference "implicitly" agreed that there should be no further constitutional changes, but the national executive committee would pursue its enquiry into Militant.

The Labour Party's truce faces serious danger over the rights of the Militant Tendency members to stand as Labour candidates, Page 10

Tees dock bid to beat floodgate ban fails

By Nick Garnett, Northern Correspondent

AN ATTEMPT on the Tees to load three floodgates for the Thames barrier, in defiance of the three-month dockers' dispute, failed yesterday.

The Transport and General Workers' union said shore riggers had refused to take part in the operation. Because of this, foyboatmen—the link between tugboat crews and the riggers—and the tugboatmen themselves *declined to continue* the work.

Cleveland Offshore, which in consortium with Davy has constructed the flood-control system's 10 gates, said the delay in freeing them from Tees Dock was "seriously jeopardising the construction programme of the Thames Barrier."

The three remaining gates were due to leave the dock before Christmas for installation by next November, in time for abnormal high winter tides.

Cleveland Offshore said that when it was instructed to use dockers under the dock-workers' employment scheme it was "misled."

"The Port Clarence site—where the gates are held—is outside the geographic area covered by the scheme

Running out of road at Leyland

Kenneth Gooding looks at the dispute over job cuts that led to strikes closing two plants

THE INDUSTRY Department has been drawing up a balance sheet to measure the impact on the British economy should BL decide to close Leyland Vehicles, its truck and bus subsidiary.

That is a measure of how seriously the Government views the dispute which has closed Leyland's two main plants—at Leyland, Lancs, and Bathgate in Scotland—for more than two weeks.

Leyland management, determined to stem losses of about £2m a week by cutting the company to a viable size, and the usually-moderate and traditionally docile workforce have been unable to find any common ground.

"If this strike is not settled soon there will be no point in settling," was the management's message to employees last week.

But both white and blue collar employees stood their ground and stayed out. "When a moderate workforce like that goes on strike it usually stays out for a long while. And BL simply can't afford a long dispute. There is no way Leyland can come through a long strike unscathed," said one BL official.

What is at stake?

Leyland's turnover once reached nearly £500m a year but in 1981 was nearer £350m, reflecting the exceptionally severe decline in its home market for trucks and buses.

Since 1977 the company's output of vehicles has slumped from 31,300 to 16,800 last year. But it was not alone in its suffering. Over the same period Ford's output dropped from 45,100 to 20,300 and Bedford's from 37,200 to 19,000.

While 60 per cent of Leyland trucks and buses are exported, margins have had to be cut severely in many export markets because of the high value of the pound. In value terms the percentage of exports is only 36 per cent—or about £125m.

The company still employs more than 18,000 people. The plan drawn up after Sir Michael Edwardes joined BL three years ago envisaged a cut of 3,000 in the workforce. In fact 4,000 have gone—and the management wants to cut a further 4,100 jobs—one of the major bones of contention.

BL argues that after the proposed redundancies it will have cut its workforce by 48 per cent (30 per cent so far) and that is in line with what other UK-based heavy vehicle manufacturers have had to do.

ERF's workforce is down 50 per cent, Seddon Atkinson's 45 per cent, Bedford's 45 per cent, and Dodge's 30 per cent. Foden, which went into the receiver's hands before being bought by Paccar of the U.S., shed 80 per cent of its workforce.

Closure of Leyland could possibly lead to an equal number of jobs being lost in the supplier industry.

But the sad truth seems to be that the decline in Leyland's fortunes has been so pronounced that it would hardly be missed by its major suppliers.

For example, Guest Keen and Nettlefolds estimates that no more than 1 per cent of its UK business goes to Leyland. There would, however, be some operations—like the Engine Parts division—where the impact would be large enough to make a difference.

This is probably the case for Lucas, another of the UK's big motor component makers. And at Rubery Owen the Leyland business is vitally important to the Motor Panels subsidiary which supplies the award-winning C40 cab for the new T45 truck range.

The psychological effect on the U.S.-owned multinationals, not only of ultimate closure but of the current dispute should not be discounted.

The list of multinationals which operate in Britain and supply Leyland is long. It includes Dana, Eaton, Cummins, Perkins, Rockwell and TRW.

"As far as they are concerned back in the States this is one more black mark for Britain, one more reason for wishing they had not invested so much in this country," said a British executive of one of the multinationals.

The management claims that every day of the strike loses business which Leyland might never get back. One of the company's biggest customers, J. C. Bamford has said that if Leyland cannot resume supplies of the 98 series engine it will have to go elsewhere.

Even the sister company, Jaguar, has been looking for alternative supplies of engine castings which in the past have been made at the Leyland foundry.

The joint engine deal being worked out with Cummins—one of the most important parts of the management's rationalisation plan—might also be in jeopardy.

The efforts to open up Continental markets where Leyland has done badly in the past have not been helped by the dispute.

The men at the Industry Department keep hoping, however, that the ultimate damage will not be too great.

Public support drive for health pay claim

BY JOHN LLOYD, LABOUR EDITOR

HEALTH SERVICE unions launched a campaign yesterday to attract public support for a pay claim equivalent to the inflation rate of about 12 per cent and threatened joint industrial action if the National Health Service stuck to the Government-imposed limit of 4 per cent.

Mr Albert Spanswick, general secretary of the Confederation of Health Service Employees and chairman of the TUC Health Services Committee, said: "By asking the public to support our pay claim we are asking them to support their health service.

"If we do not get justice now, it is the public that will suffer in the long run."

Mr Alan Fisher, general secretary of the National Union of Public Employees, said: "Our message to the public is: 'If something is not done about pay in the NHS, your health is in danger.'"

The Health Services Committee has for the first time united the 14 TUC-affiliated unions, which cover 650,000 of the 1m NHS employees, in a common strategy. This is based on a "core" claim of about 12 per cent and shorter working time, and includes an agreement to co-ordinate industrial action should it prove necessary.

Mr Spanswick said that industrial action "could well happen—it could come around to that."

The common claim is for a global percentage increase in the pay bill within which individual bargaining groups in the NHS determine their own rises.

The unions have a common settlement date for the first time, April 1.

They are equally concerned that as some of the industrially weakest members of the public sector they do not bear the brunt of the Government's 4 per cent pay policy, which more powerful groups, as the miners, gas and water workers and council manual workers, have breached.

Many health service workers were among the low-paid, drivers receiving £69 a week, ancillary workers £59 a week and student nurses £44 a week.

Pharmacists press action

BRITAIN'S 3,000 hospital pharmacists have agreed to step up industrial action in support of a claim for overtime and standby payments, writes John Lloyd.

A meeting of pharmacists' delegates over the weekend voted to continue the action until their claim was met.

Mr Reg Bird, a national officer of the Association of Scientific, Technical and Managerial Staffs, said yesterday that health service management had refused to make the payments because they would breach the Government's 4 per cent guidelines.

He said that the pharmacists, normally a conservative group, were "sick to the back teeth" with management's attitude. Their militancy was an index of the frustration within the health service

Extra cash for teachers 'will be limited to 4%'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE GOVERNMENT is determined to keep a 4 per cent limit on any extra public funds available for the 1982 pay rise for teachers, said Sir Keith Joseph, Education and Science Secretary.

Unions and local education authorities are due to meet in the Burnham Committee next Tuesday to start talks on the unions' claim for a rise of about 12 per cent for 450,000 schoolteachers in England and Wales.

An increase of 4 per cent would add about £178m to a total pay bill of £4.45bn.

Sir Keith told the Financial Times yesterday that if the Burnham Committee (on which he has only minority representation) settled in excess of the Government's limit, it would effectively be negotiating away teachers' jobs.

About 27,500 teachers are registered as unemployed in Britain.

The Education Secretary indicated that the Government might relax the limit if the unions and employers agreed—outside the Burnham Committee which is restricted to issues of pay—on proposals to improve school staff's productivity.

For example, the Cockcroft Report on mathematics education suggested that the present working year of about 190 days for teachers might be extended so that they could undertake retraining while pupils were on holiday.

Extra time in the working year for retraining "sounds a fruitful line of thought," Sir Keith said.

Howell defends bigger lorries

MR DAVID HOWELL, Transport Secretary, told TUC leaders yesterday that lorry drivers' jobs would be made "more secure in a more efficient industry" by his proposal to raise the lorry weight limit from 32.5 tonnes to 40 tonnes.

Members of the TUC's transport industries committee had expressed concern about jobs and other issues following the White Paper on Lorries, People and the Environment.

Mr. Howell told them there would be more goods to carry once the economy began to grow again, but heavier loads would help the environment because fewer lorries would be needed.

Attempt to lift ferry blacking

By Our Welsh Correspondent

SEALINK SENIOR management were travelling to Holyhead last night to try to persuade dockers at the Welsh port to lift their blacking of British Rial's St. Colomba ferry.

The dockers are protesting at Sealink's plan to allow B & I Line to run a daily service between Holyhead and Dublin from March 1. They believe it could lead to fewer Sealink jobs at the port in the long run.

Sealink wants to sail the St. Colomba from Holyhead, to Fishguard where it would temporarily relieve the Stena Normandica on the Rosslare route, while the vessel is overhauled.

UK NEWS—PARLIAMENT and POLITICS

Rodgers and Williams attacked on Employment Bill

BY IVOR OWEN

LEADERS OF the Social Democratic Party came under fire from both sides of the Commons last night as they sought to justify their decision to support new restrictions on trade unions embodied in the Employment Bill.

Labour and Tory MPs aggressively reminded Mrs Shirley Williams (SDP Crosby) of her involvement on the picket lines *at the time of the Grunwick* dispute. Mr William Rodgers (SDP Stockton on Tees) was subjected to repeated taunts over the fact that until his defection from Labour he was sponsored by the Municipal and General Workers' Union.

In the midst of their attacks *on the SDP* Mr Norman Tebbit, the Employment Secretary, warned the unions against using their "muscle" to thwart the Bill when it becomes law. Mr Eric Varley, shadow Employment Secretary reaffirmed that the next Labour government would take the first opportunity to remove it from the Statute Book.

Mr Rodgers, the SDP spokesman on the Bill, was repeatedly interrupted from both the Government and Opposition benches, and the ridicule and abuse directed at him reached a crescendo when he admitted: "I am a recent convert to legislation of this kind."

In a bitter interjection Mr Tom Urwin (Lab Houghton le-Spring) bluntly told Mr Rodgers: "Everything you are and everything you have in a political sense, you have owed the Labour Party and the trade union movement."

He asked why Mr Rodgers had never rejected the money supplied to his constituency party in order to enable him to successfully fight Stockton on Tees for Labour, and how he could salve his conscience in the light of that experience.

Mr Rodgers replied that he had never reneged on his view that the trade unions had made and would continue to make a massive contribution to the life of the nation.

But like many of his colleagues who were formerly Labour MPs he had changed his mind about the desirability of at least having "minimum legislation."

Mr Rodgers emphasised that he had wanted the trade unions to reform themselves, particularly after the hardship which some of their members had inflicted on hospital patients and bereaved relatives during the "winter of discontent" which marred the final year of office of the last Labour government.

There had been no change, and even now the TUC was recommending a course of action in relation to the Bill which would be "profoundly damaging" to the country.

Mr Rodgers insisted that the trade unions should not use their industrial muscle for political ends, and stressed that he did not believe that the rights of the individual could be subordinated to the power of the trade unions irrespective of the consequences.

Three motions tabled by the SDP sought to instruct the standing committee which is to consider the Bill to extend its scope to cover industrial democracy, the unions' political levy to the Labour Party, and ballots for electing key union officials. They were not selected for debate by the Speaker, Mr George Thomas.

But Mr Roberts made it clear that the SDP would seek to move amendments designed to achieve these objectives during the later stages of the Bill.

Ignoring derisive laughter from Labour MPs he announced that the SDP, unlike the Government, would be willing to enter a "constructive dialogue" with the TUC to discuss how the detailed provisions should be framed.

Mr Tebbit underlined the fact that the Bill was not an attempt to achieve root and branch reform of the trade unions but a "modest measure" designed to provide substantial remedies for real abuses, particularly those arising from the closed shop.

He instanced the injustice suffered by former employees of British Rail dismissed for refusing to join a trade union who had been forced to take their case to the European Court, and the "bigotry and bullying" suffered by the four part-time women employees of Walsall council whose refusal to join the union cost them their jobs serving school dinners.

Mr Tebbit described the attitude to the Bill of the SDP-Liberal alliance as the "litmus test" of their resolve to break the mould of British politics.

Pointing to Mr Rodgers and his colleagues he said: "They have got to decide whether they are to continue as social democrats the marsupial relationship with the trade unions which they enjoyed as socialists."

There were shouts of "Tebbit's law." from the Labour benches when the minister condemned threats by some trade unionists to stage political strikes against the Bill once it became law.

Mr Tebbit retorted that it would be parliament's law and one which could be changed only by parliament.

Mr Tebbit called on Mr Varley to repudiate irresponsible talk from trade union leaders, and to pledge the Labour Party to oppose any sort of political strike against the Bill.

Mr Varley accused the Social Democrats of indulging in an exercise of sheer political opportunism.

Their objective, he said, was to influence voters in the Glasgow Hillhead by-election, which is to be contested by Mr Roy Jenkins who, if victorious, is expected to become the SDP's parliamentary leader.

Amid Labour cheers Mr Varley scoffed: "Mr Jenkins thinks that the best way of getting a seat in this house is as Mr Tebbit's poodle.

"The SDP's attitude is contemptible, and this Bill is a disgrace."

Mr Varley brought Mrs Williams to her feet when he contrasted her support for the Bill with her action in supporting the Grunwick pickets and in approving, as a member of the last Labour Cabinet, legislation which the Bill was seeking to overturn.

Mrs Williams said she had accepted that there were some abuses of corporate power which justified the action which the Labour government had taken.

She invited Mr Varley to accept that there were also some abuses of trade union power which had led an earlier Labour government to introduce the White Paper entitled In Place of Strife.

Alliance plans joint election campaign

By Elinor Goodman, Political Correspondent

THE SDP and Liberals are almost certain to run a joint campaign at the next election, despite continuing disagreement among SDP leaders about how closely to co-operate with the Liberals.

This could involve a joint advertising campaign, combined press conferences and a common theme in partly political broadcasts.

The two parties will also draw up a joint list of priorities for an Alliance government, to use an election campaign alongside their individual manifestoes.

This weekend, at their first meeting to discuss long-term strategy, the leaders of the two parties agreed to adopt a single leader for the Alliance and a common approach for the parties at the next election.

The idea is that the parties will retain their identities, but that the Alliance message will be promoted strongly.

The two parties will continue to operate separately at Westminste, however, to get the maximum number of seats on committees. They may also argue for separate allocations of party political broadcasts, on the grounds that they are two distinct parties.

But in the first national test of their ability to share a common platform, they are to launch a joint campaign for the local elections this spring.

This weekend's agreement over long-term co-operation is an important development in the relations between the parties. Until now they have concentrated on immediate issues like the allocation of seats. But there is still disagreement over the longterm relationship between the parties.

Dr David Owen has, since the formation of the SDP, repeatedly warned his party of the dangers of becoming too closely identified with the Liberals, and though he surprised some of his colleagues at the weekend by agreeing to the idea of a single leader he made it clear that he saw this as a short-term arrangement for the next election.

Dr Owen, who had already annoyed some of his colleagues in the collective SDP leadership by saying he intended challenging Mr Roy Jenkins for the job of the party's eventual leader, said if the same person held the job of SDP leader and leader of the Alliance, the SDP's identity would be merged into that of the Alliance.

Dr Owen was in a minority at the weekend meeting, but he may attempt to get support of some other SDP MPs for his case.

'Most MPs back Bill on monarchy'

A BILL to make the eldest child, regardless of sex, heir-apparent to the throne is supported by most MPs, according to Mr Michael English (Lab., Nottingham West), its sponsor.

The fate of the Succession to the Crown Bill, published yesterday, is likely to rest on the *reaction of Commonwealth* countries, he said.

The urgency of the measure depends on whether the Princess of Wales has a boy or a girl in June. If it is a boy, Mr English says the matter can be postponed for another generation.

If it is a girl, under the present law a younger brother would take precedence.

Mr English's Bill has its second reading on February 26.

He has written to the 17 Commonwealth nations who regard the Queen as their monarch asking for their views. He has consulted the Queen and Prince Charles.

Buckingham Palace said it had no comment to make on the Bill. Government officials said ministers had not yet formulated their attitude.

Mr English said: "If there turns out to be a Commonwealth consensus, that would be the principal determinant of the future of the Bill."

He said: "If you believe in equality of the sexes, it should apply to the monarchy as well as everything else."

He believes equality in the succession would provide pressure to remove discrimination in areas such as pensions and taxes.

Call for inquiry into collapse of Laker is turned down in Lords

FINANCIAL TIMES REPORTER

THE GOVERNMENT turned down in the Lords yesterday a call for an inquiry into the collapse of Laker Airways.

Laker air hostesses and cabin crews listened from the public gallery, as Lord Trefgarne, Trade Under Secretary, told Peers: "*It is too early yet to* say that Laker is finally finshed. I must say I hope it is not.

"But it is not the Government's policy to stand behind Laker or any other Commercial concern in these circumstances." He was replying to Lord Balfour of Inchrye (Con.) who asked about the company's survival prospects.

Lord Trefgarne said it was hoped the tour operations would survive and result in continuity of employment for some of the airline's.

"It is too early yet to say what arrangements may be possible to preserve employment for the remainder under new ownership," he said.

The difficulties which had caused the airline to come "to this sorry pass may to some extent be a result of some misguided decisions within the management of Laker and to some extent the result of fluctuations in the currency rate, which Laker himself has referred to.

"But I think a reinvestigation of the British civil aviation industry is not appropriate in this context."

Lord Trefgarne said the independent sector of British civil aviation had made a small profit last year.

"There is no reason for any long-term worry about the future."

Referring to public offers of cash help for the airline Lord Trefgarne said that even figures like £1m were by no means enough in the context of the losses.

He understood cash donated to private funds would be returned if the rescue plan failed. Strenuous efforts had been made by banks in recent months to find ways of marshalling additional financial support but Lord Trefgarne said he could not be optimistic that such an effort would succeed.

Shore in campaign on strategy

MR PETER SHORE, shadow Chancellor, is to explain the Labour Party's economic strategy in a series of major speeches in the next few weeks as part of a campaign to promote the party's alternative economic strategy.

His analysis goes back to the 1944 *White Paper* on Employment when the Government assumed responsibility for unemployment. Mr Shore argued in a weekend speech that "the resumption of that responsibility of employment and the renewal of that commitment to co-operate with others in the quest for sustained prosperity, must be the starting point and the sustained purpose of the next Labour government.

"Some part of the solution will be found in the rejection of the ideological nonsense that has dominated our affairs during the past three years.

"We do need to pump prime the economy through Government expenditure on a major scale and there is scarcely an economically literate person in Britain who does not accept now that this is necessary," he said.

Britain suffered from inadequate investment, rotten industrial relations and the wrong kind of education. These factors had been familiar for 30 years.

"But they have not suddenly and dramatically worsened, as has the total performance, the output and the unemployment of our economy," he said. Government policy was responsible for the change.

Vote puts Labour's truce in danger

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE Labour Party's truce was in danger last night over the right of Militant Tendency members to stand as Labour Party candidates.

To the fury of Right-wingers, the party's organisation committee overturned the recommendation of a committee of inquiry and voted to endorse Mr Pat Wall, a Militant member, as Labour candidate for Bradford North.

Left-wingers led by Mr Tony Benn succeeded in getting another Militant member, Mr Terence Fields, endorsed as candidatae for Liverpool Kirkdale.

The endorsement of Mr Wall raises the spectre of two candidates fighting each other under the Labour banner at the next election.

Last night, Mr Ben Ford, the sitting MP for Bradford North, who Mr Wall has been chosen to replace, said that if the party's national executive committee upheld the decision of the organisation committee to endorse Mr Wall, he would consider fighting as an independent Labour candidate.

The decision to endorse Mr Wall was a defeat for Mr Michael Foot, the party leader, who voted with Right-wingers to uphold the inquiry committee's recommendations

If he is to retain the support of moderates, he will have to reverse the endorsement on the party's National Executive Committee.

Until now, Mr Foot has been able to command a majority on the NEC, but it is difficult to see how he will be able to overturn Mr Wall's selection without opening up the rift in the party which has been covered up since last month's meeting between union and Labour leaders at Bishop's Stortford.

Left-wingers made it clear at the organisation committee meeting that they regarded a confrontation on Militant as a breach of the truce agreed at Bishop's Stortford.

Mr Eric Heffer, committee chairman, said afterwards that refusing to endorse the selection, of Mr Fields would have been against the "spirit of Bishop's Stortford" which he claimed precluded "witch hunts."

The NEC has already agreed to a wide ranging inquiry into Militant's activities but the attitude of Left-wingers yesterday suggests they will be reluctant to take any of the tough measures to deal with Militant which the right believes are essential to the party's future credibility.

The committee agreed, however, *after an at times angry* debate to take on the left in Southwark and Bermondsey where the local government committee has refused to include a number of right-wing councillors on the list of names from which wards will be asked to chose their candidates in the forthcoming local elections.

Lawson backs report on weather emergency plans

A CALL for electricity boards to have better emergency plans to deal with severe weather received full backing from Mr Nigel Lawson, Energy Secretary, in the Commons yesterday.

A report on the way the boards coped with the winter blizzards, when thousands of homes were left without electricity for several days, listed a number of ways to improve emergency plans.

The document by Mr Austin Bunch, Electricity Council *chairman, called for emergency* plans to meet certain minimum standards; a review of the way electricity boards use weather forecasts; better plans for calling for extra help; more use of helicopters; customers to be alerted in advance to listen to radio messages on battery-powered sets and closer co-operation between the boards.

Mr Lawson said at Question Times that the report contained several positive suggestions for improvements. "I shall be encouraging the industry to press ahead with these studies and *improvements," he said.*

Medical schools 'are breaking health laws'

By Michael Dixon, Education Correspondent

WIDESPREAD breaches of the law on health and safety can be found in university medical schools, the Commons Public Accounts Committee heard yesterday.

Mr D. F. Robinson, an assistant secretary of the University Grant Committee, said bringing the medical schools up to legal standards of health and safety would cost about £40m, which the UGC *did not have.*

Honest Bill gets caught between the heavies

Commons Sketch

In the old Western films there was often a scene where a well-meaning but ineffectual citizen got caught up in a bar-room brawl between two battle-scarred characters fighting for control of the township.

In the Commons yesterday Mr Bill Rodgers, a member of the Social Democrats' Gang of Four, found himself cast in this unenviable role during the Second Reading of the Government's Employment Bill.

The result was ugly and inevitable. The two opposing heavies—Mr Norman Tebbit, Employment Secretary, and Mr Eric Varley, Labour's employment spokesman, promptly put the boot into him without being too particular where it landed.

There followed some of the most gruesome in-fighting which the House has seen for some time. But it was high noon for the SDP and Mr Rodgers had to lay on the line and explain where the new party stands — or does not stand, on this latest dose of union reform.

From the Government front bench the sombrely clad Mr Tebbit came on strong with his customary air of veiled menace.

It was, he said, a modest Bill both in size and purpose. Then, casting aside these blandishments, he weighed into the local authority unions as the "bigots and bullies of the big batallions."

His main venom was, however, reserved for the Social Democrats. Would these ex-socialists want to continue their cosy relationship with the unions or break free from their history of subservience?

Labour back benchers, who a few minutes earlier had *been calling Mr Tebbit* a "twit," now rocked with sympathetic laughter as he snarled out his taunts.

It must be admitted that the gaggle of Social Democrats did not look a happy sight.

Mr Rodgers, who favours the Bill, sat alongside Dr David Owen, who shares his view. A few seats away was Shirley Williams, who has strong reservations, while behind her sat Mr John Grant who speaks on employment for the SDP and is hostile to the legislation.

It turned out that Mr Tebbit's fury against the social democrats was nothing compared with that of Mr Varley.

Conservative MPs burbled with delight as he jeered at Mrs Wililams, wondering if this could be the same lady who was the heroine of the Grunwick picket line.

The abuse eventually brought Shirley climbing to her feet still nursing a leg in plaster after a sledging accident.

There were, she reminded her former colleague, certain abuses of trade union power which th Labour Government attempted to reform with In Place of Strife.

There was a murmur of anticipation as Mr Rodgers started his speech. What followed was a distinctly uneasy performance. His party would have preferred to be voting against the Bill, he admitted.

The Speaker, Mr George Thomas, soon had to come to his rescue to quell the laughter which arose when Mr Rodgers lamely admitted: "There is no doubt that I am a recent convert to the legislation."

Shirley looked glum and Dr Owen grabbed Mr Rodger's coat-tails and whispered advice in his ear. Things did not seem to be going at all well, nor did they improve when Mr Rodgers resumed.

"There are many matters on which all of us from time to time in the light of the evidence should examine their positions," he said. "I would have preferred all my honourable friends to be in the same lobby this evening."

Mr Arthur Lewis (Lab Newham North-West) intervened to say he had just heard his colleague Mr Frank Haynes (Ashfield) describe Mr Rodgers as a "twister."

Mr Haynes grinned unrepentently and Mr Ian Mikardo (Lab., Bethnal Green and Bow) pointed out that this was an honourable term used in the spinning industry.

A glance at the Oxford Dictionary shows this to be correct. But the dictionary also defines it as "one who turns about, turns from side to side, rotates, etc." Alternatively: one who shuffles or cheats."

As the Speaker philosophically observed to Mr Mikardo: "Everyone must speak for his own trade."

John Hunt

TECHNOLOGY

EDITED BY ALAN CANE

U.S. and Japan fight-out for semi-conductor quality

BY LOUISE KEHOE IN CALIFORNIA

"THE QUALITY of U.S.-made 16K ram semiconductors is now running neck and neck with that of their Japanese counterparts," according to Richard W. Anderson, general manager of Hewlett Packard's systems division and a self-appointed spokesman on the subject of U.S. versus Japanese semiconductor device quality.

For U.S. semiconductor suppliers Anderson's latest statement is good news. It marks a distinct improvement over previous reports on the quality of U.S.-made memory devices, that showed U.S. manufacturers to be way behind their Japanese competitors.

Fail rate

In March, two years ago, Anderson began his regular statements on the standard of U.S. versus Japanese memory devices with a report that angered and upset U.S. manufacturers.

He said then that Hewlett Packard tests showed U.S. parts to be six times more likely to fail, on average, than Japanese components. Subsequent tests in late 1980 found the quality gap to have narrowed to two-to-one, with the Japanese still leading.

As a major buyer of semiconductor devices, HP is in a good position to add facts to the "quality debate." Over the past two years the competition for market share in the key memory device sector of the semiconductor business has been fierce, and product quality has become a major issue with claims and counter-claims being regularly issued on both sides.

U.S. manufacturers at first rejected the Japanese claims calling them pure propaganda, but as Japanese suppliers increased their share of the market, U.S. manufacturers were forced to look again at their quality control processes.

The quality issue is, according to U.S. manufacturers, more a question of economics than production technology. U.S. manufacturers claim that quality—measured in terms of the percentage of defective devices delivered to the customer—is simply a matter of how much testing is performed by the manufacturer, rather than the customer. The U.S. manufacturers suggest that Japanese manufacturers do not include the real cost of extensive testing in their product prices.

On the other hand, U.S. manufacturers have worked hard to improve their product quality rating. Most have instituted quality meetings among their employees, and spent considerable effort and money on testing procedures and equipment. The improvements have at last begun to show up in HP's test data.

Middle range

Last month, Anderson reported that failure rates among more than 140,000 (ceramic packaged) 16 K Rams tested by HP through the first nine months of 1981 ran variously from seven to 30 failures per 10,000 units, among six suppliers. (Of these, three were U.S., and three Japanese.)

Anderson declined to identify the six, saying only that both the lowest and the highest failure rates were exhibited by Japanese suppliers.

In another product group—16K Rams in plastic packages—(the standard devices used in computer data storage units) Anderson said that of 3m parts tested, failure rates of 12 to 33 per 10,000 parts were found in parts from one U.S. and five Japanese suppliers to Hewlett Packard. The single American company, Anderson said, "was in the middle of the pack."

High quality

"So far as 16K memory parts are concerned, the contest is now more nearly company versus company than country versus country, although we still have yet to find a U.S. supplier which consistently matches the best of the Japanese," Anderson said.

While HP will not identify its suppliers, Advanced Micro Devices claims to be the single U.S. manufacturer of plastic packaged 16K rams that sells to HP. AMD has put considerable emphasis on improving its product quality.

Customers were guaranteed exceptionally high quality control standards for all its products. For memory devices—like rams and roms, AMD guaranteed a failure rate of less than one part per 1,000, while establishing a standard of two and three parts per 1,000 in other types of devices.

Ben Anixter, AMD marketing executive, *explains that before* 1980 U.S. semiconductor manufacturers had been working to a standard of 60 to 100 defective parts per 10,000. "The customers did not complain until the Japanese came along and started doing better," he recalls. "Now the quality issue is settled as far as we are concerned," he concludes.

While U.S. manufacturers have improved their ranking in Hewlett Packard's tests, it is also clear that HP now buys the bulk of its parts from Japanese manufacturers. Overall, Japanese companies are reckoned to hold more than 50 per cent of the world wide market for 16K rams of all types.

The situation in the latest generation of memory parts-64K rams—is even worse. Japanese manufacturers are thought to hold 70 per cent of that market. Significantly, HP says that it has not yet qualified any U.S. manufacturers as suppliers of 64K rams. The situation at HP reflects that throughout the U.S. computer industry. U.S. computer makers are relying on Japanese manufacturers to supply them with 64K memory parts.

With these newer devices, the question of quality is still largely academic. For the moment, it is a matter of which companies are able to supply working parts in production quantities. The results of a series of laboratory tests conducted by an independent U.S. consulting group, Integrated Circuit Engineering of Scottsdale, Arizona, do however shed light on the Japanese method of achieving high quality.

ICE took apart a number of U.S. and Japanese built 64K rams in their laboratories and discovered that the physical construction of the parts made in Japan was no better than the American made devices.

What this indicates, says ICE, is that the Japanese production processes are no better than American processes, but that the Japanese companies do more testing to weed out defective parts.

Chip technologists in the U.S. inspect a newly-manufactured silicon wafer, but, can the U.S. match the Japanese for quality?

How to paint the ceiling on your adjustable stilts

STILTS—one of the great boyhood or, girlhood, toys have made a comeback for use in maintenance, decorating, plastering, etc.—if you need to work between seven and 11 feet above the floor.

Mind you, a stilt is no longer called a stilt. Now it's a "leg extension device." It's available in the UK after development in the U.S. through Carobyn Products at the Airport Southend-on-Sea, Essex (0702 546841).

Strapping

Electricians, dry-wallers, ceiling installers, painters and plasterers might be interested in strapping on the *stilts at calf and foot.*

Carobyn says that no special sense of balance is required. A patented "ankle and muscle mechanism, precision engineered and using lightweight materials, allows anybody to walk tall fluently and safely within a few minutes.

"Dura-Stilts," as they are called, should offer significant savings in costs. A recent installation of 2,800 metres of replacement ceiling to an office block was carried out without moving the office furniture.

Adjusted

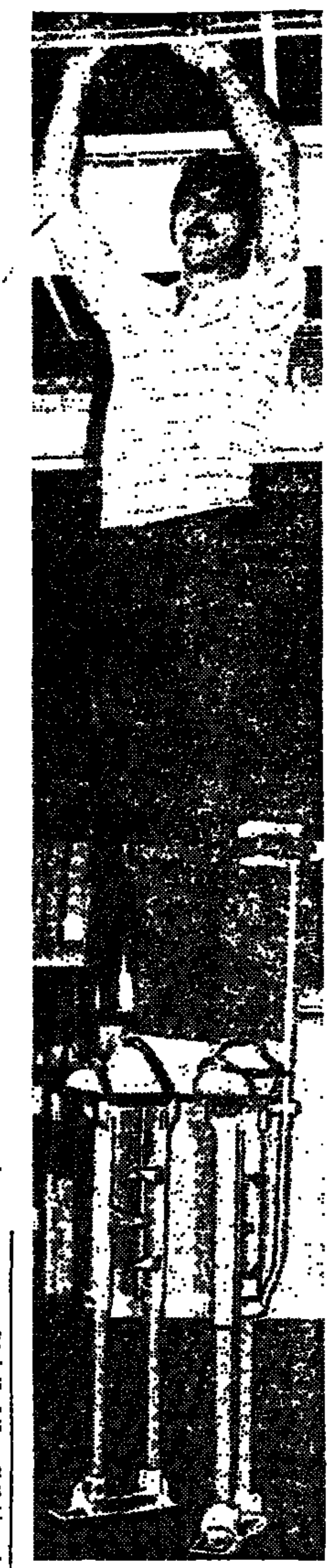
For comfort during prolonged use, the stilts can be adjusted for the individual's leg shape and stride.

Fixed and variable length models are available to provide increased reach from 14 to 40 inches.

Safety aspects are covered in Carobyn's literature.

I apologise for the stilted English due to writing this in a hurry.

MAX COMMANDER



The stilts high life makes a come back

Revamp for Lloyds dealers

LLOYDS BANK International, based in the City of London, is revamping its foreign exchange dealing room, installing one of the few computer-based dealer information systems on the market.

The Lloyds selection is manufactured by General Automation and costs more than £200,000. It comprises a General Automation minicomputer serving up to 36 dealer positions through pairs of video screens and shared keyboards.

The present Lloyd's dealing room is spacious and airy but filled to the gunwhales with a profusion of screens, telephones and switchboards all linked with a mess of spaghetti wiring.

It is all necessary. According to Mr Philip Parker, Foreign Exchange manager: "Gone are the days when the dealer had five minutes to calculate a quotation."

The GA system is designed to clean up the mess and leave a comparatively tidy room. Even the solitary Commodore Pet microcomputer bought and programmed specially by Mr Parker to ease dealing calculations will go.

The screens will provide the dealers with information from the central in-house Burroughs mainframe computer. It will also provide a broadcast facility for passing priority messages to all the dealer screens simultaneously.

GA now proposes to sell the system which it has called "Dealerpoint." It is based on a similar system the company installed for Union Discount last year.

More from General Automation on 02813 89112.

ALAN CANE

Harwell combustion research wins grant

HARWELL LABORATORY is to continue its research into combustion processes for the next three years following a further £1m grant from the Department of Energy.

The aim of the programme is to speed development of new combustion equipment which is more efficient, less polluting and can use synthetic hydrocarbon fuels.

The programme will look at both vehicle engine designs and industrial furnaces. In engine design, Harwell will investigate the mechanisms which cause *diesel engines to smoke,* and petrol engines to "knock."

The UK work is tied into a wide four-nation venture under the instigation of the International Energy Agency. Information from similar programmes in the U.S., Italy and Sweden — also funded by their respective national governments — will be *available to British* researchers.

Eventually Harwell hopes that the results of the research will be taken up by private companies on a commercial confidential basis in each country.

ELAINE WILLIAMS

Word processor guide doubles in size

BY GEOFFREY CHARLISH

A POINTER to the growth of the word processing industry is given by the fact that this *year's Word Processing Guide,* published by Keith Wharton Consultants of Richmond on Thames (01-940 7366), is twice as big as last year's.

Containing 166 pages and costing £25, this edition incorporates additional detailed surveys on selection of word *processing* equipment and systems. The problems of implementation—often a bigger headache than acquiring the system in the first place—have not been overlooked.

There are articles that review the European word processing environment, describe how to select the right equipment, and indicate how a five-*year strategy in office automation* might be developed.

After that, there are sections dealing in detail with the various kinds of system including dictating machines, text editors and electronic typewriters. Others deal with *facsimile, phototypesetters and* packaged software.

Suppliers are listed and the guide even contains a glossary of the terms used.

Inspection of surface finishes

A RAPID and accurate method for inspecting surface finishes of engineering components is claimed by the Optical and Mechanical Development Company.

It's new instrument, called the Compari-surf, is an optical device which analyses the specular reflection from the surface.

This is achieved by beaming infra-red light onto the surface which is partially reflected to a photodiode. The amount of light returned is related to the smoothness of the surface.

Data control by Codex

LOW COST central control of small data communications networks—up to 16 lines—is claimed by Codex, Croydon, with its latest version of its DNCS 200 system.

The system will operate with high and medium speed modems over point-to-point or multipoint lines.

The system can store telephone numbers, test for system faults and re-route data if lines or equipment are faulty.

MANAGEMENT : Small Business

EDITED BY CHRISTOPHER LORENZ

Harvesting data down on the farm

Inventiveness runs in the Paterson family. Ray Snoddy reports on the latest example

IN Geoffrey Paterson's farmyard are two pieces of agricultural machinery which are common on British farms—a buckrake and a fertispread. The patents for both are held by his father. Paterson is following *in his father's footsteps* as both farmer and innovator and hopes that his computer programmes, specifically designed for the needs of farmers, will one day be as common in farm offices as his father's innovations have been in the fields.

Since Geoffrey Paterson established *his company, Farmfax, in* 1978 at the age of 27, it has become one of the leaders in a small but growing market. Turnover topped £500,000 in 1981 and the management is now talking in terms of annual growth targets of over 100 per cent.

Already Farmfax systems are at work in such locations as a large pig farm in Hampshire, a 3,000 acre estate in Dumfries and the East of Scotland Agricultural College. Interest is also coming from South Africa and Spain, and Farmfax hopes to tackle the U.S. market before long.

Paterson taught himself about computers after buying a £15,000 machine for his farm and finding out that neither the hardware nor the software could do what he wanted.

So he set up Farmfax to produce what he believed was needed. This was a microcomputer system that could be operated by busy farmers or farm secretaries without specialist knowledge, and still not cost much more than a family car in the £3,500-£6,500 range.

Living proof

Farmfax was started with three partners: Paterson, the Earl of Errol, a friend of his, and Simon Man, a former computer expert in the Royal Navy—and now managing director. They put up a total of £100,000 and bank loans approached a similar amount. Around £250,000 has now been invested in the company which last year moved its 15 employees to offices in Petersfield, Hampshire. Until then the programmes for accounting, pig, arable and dairy management had been written in the farm office of Paterson's Houghton Down Farm in nearby Stockbridge.

In Paterson's farm office Practical Computing rubs shoulders with Farmers Weekly. And as living proof of what he is trying to achieve, regular information on each of his 300 cows is fed into the microcomputer largely by Paul Blackmore, the 14 year-old son of the farm cowman.

The analysis is available at the touch of a keyboard—details such as *lactation, calving,* sireing and feeding.

The market for farm computers is small and sceptical. According to Ministry of Agriculture figures there are only around 500 computers on British farms.

But Paterson reckons there are 100,000 farms in Britain of over 40 acres which theoretically could use computers. More realistically he is currently aiming at the largest 8,000 on that list, though he believes that within the next 10 years all substantial farms will have microcomputers. He naturally hopes Farmfax will be able to capture a sizeable slice of that growing market.

From early this year Farmfax will be offering an all British package — Farmfax software combined with a British microcomputer, the Comart Communicator. The company is also exploring markets in Asia, particularly for large plantations, and hopes that British software could soon be helping to run vast ranches in Texas.

Prospects

In all this Paterson was aware of the obvious danger that the pressures of product development and market expansion might outstrip the company's financial resources and managerial experience.

So in the middle of last year he trod the well-worn path to stockbrokers, institutions and private capital funds in search of further financial support but none could offer any prospects for at least three or four months. Then Paterson tried Prutec, the subsidiary set up by Prudential Assurance with £20m to invest in longer term high technology projects (see feature on this page, December 22 1981). "They were very nice and they moved very fast," he recalls.

Within five weeks, most of which was taken up with finalising the documentation, Prutec came up with £150,000. Part of the sum was in exchange for 25 per cent equity and part was a loan which has not yet been fully drawn.

It was Prutec's first direct investment since opening its doors early last year.

One of the reasons Farmfax needed the money was to hire its first marketing director. The man who got the job, Ken Pipe, was "lured" away from a U.S. company, Solartron Electronics of Farnborough. On his first fact-finding trip around East Anglia with a microcomputer in the back of his car he sold two systems.

Among the new developments for which extra funds were needed is a proposed hand-held unit for the farmworker to key in information direct from piggery or milking parlour. At a later stage, further funds may be required should Farmfax decide to assemble its own microcomputers.

Geoffrey Paterson: keeps his milk records at his fingertips

Ashley Ashwood

But more important than the Prutec money, Paterson says, was the feeling of security—being able to draw on the expertise, advice and international contacts of Prutec, the Prudential and the other group involved, Patscentre Laboratories—the international research and development subsidiary of PA Management Consultants.

"We knew the Prudential wouldn't rip us off. What was involved was security and trust in every sense of the word," says Paterson.

He is happy to have a Prutec representative—one of their technical assessors—on the board and believes that the link will best enable him to realise his long term objectives—to continue to apply high technology to the improvement of agricultural performance.

A director in almost everything but name

BY THEIR very nature small businesses are lonely organisations to run. Unlike the large corporation there is not the large reservoir of managerial skills to draw on to help solve day-to-day problems.

A businessman's own directors can often be a source of guidance but in practice small company boards are often either an arena for battling family and shareholder interests or a nominal body to ratify an owner's proposals.

Another source of advice is the non-executive director—but owners of companies are reluctant to have too many on their boards.

The traditional stand-bys—the company accountant or lawyer—can also be unsatisfactory; they apply their own particular professional viewpoints often without coming to grips with important administrative or operational issues.

Equally, consultants may be inappropriate, if only because a small businessman's problems usually extend beyond one-time assignments.

So, to whom can the small businessman turn for objective and informed feedback about their major problems? The latest idea from the U.S. is to form a quasi-board, otherwise known as an advisory board or advisory council. They are similar to conventional boards where non-executive directors are in the majority.

Unlike a regular board, a quasi-board does not represent shareholder interests and is not accountable for corporate conduct. Because of this and the fact that it does not have any legal power, members are probably less fettered when discussing policy and operational matters than normal directors.

But perhaps its most useful function according to an American academic, arises from the very nature of small businesses—the fact that most are family owned and run. Given its detached and neutral standpoint, a quasi-board can, he says, often arbitrate settlements when squabbles break out. Family rows are one of the most destructive elements in small businesses.

> **‘Given its detached and neutral standpoint, a quasi-board can often abitrate a settlement when squabbles break out.’**

Arnold Kransdorff reports

The idea of the quasi-board is discussed in the latest issue of Harvard Business Review by Harold Fox, a professor at Ball State University, Indiana, where he teaches marketing management.

Fox, who serves on the quasi-boards of three small companies, believes them to be a way of enlisting expert advice.

In the US members of quasi-boards receive, typically, fees ranging from $500 to $1,000 per session. Fox believes that to keep up to date yet limit its role to matters of great significance to the company, a quasi-board probably needs to meet up to four times a year, preferably on weekends.

He also believes that quasi-boards function best if they are small. "Ordinarily, four or five members—the owner as chairman plus some outsiders with overlapping expertise—suffice," he says.

In his experience quasi-boards thrive only in an open-minded atmosphere, where all members can freely argue their convictions. Its effectiveness, he adds, depends on the proprietor's voluntary decision to respect its advice.

"The quasi-boards with which I am familiar have never taken a vote. Rather, after spirited exchanges of opinions, members always reach a concensus."

Fox suggests that while members should come from a variety of backgrounds, they should all be sympathetic to small business problems and work effectively with other board members.

Organising a quasi-board need not be difficult, he says. With legal help, a small businessman drafts a description of its function, emphasising its advisory role and its exemption from legal responsibility towards the company's shareholders.

Then a panel is recruited with whose collective outlook and judgment the owner feels comfortable.

"In practice, no conflict exists between a board of directors and a quasi-board. The position of director is nominal in most closely held corporations; in proprietorships and partnerships it does not even exist."

BOARDROOM BALLADS

THE SMALL BUSINESSMAN

I am the smaller businessman,
In turnover, not stature;
The future now belongs to me,
Or so says Mrs Thatcher.
We are a million or so,
Awaiting our deployment,
And if we each take on a man,
We'll beat the unemployment.

★

I am the smaller businessman,
But wish that I were bigger;
I'm told that small is beautiful,
But big is on the trigger.
And what between the interest
And loans for which I hanker,
I wish my dear old Mum and Dad
Had trained me as a banker.

★

I am the smaller businessman,
Getting somewhat smaller;
And after tax and VAT
My creditors grow taller.
I've found some customers to buy
On terms including credit,
And so my income only grows
Pro rata to my debit.

★

I am the smaller businessman,
Not taking on much labour;
Unless you count the wife and kids,
And recently the neighbour.
I've found the almost perfect way
Of conquering inflation;
For, since I can't afford to pay,
They do it for the nation.

★

I am the smaller businessman,
Thinking of expansion;
And it seems the only way
Is mortgaging the mansion.
So, with my new collateral,
I'll back my innovation;
But not get very far upon
A semi by the station.

★

I am the smaller businessman,
Depleted but defiant;
I don't suppose I'll ever be
Conglomerate or giant.
But something makes me want to keep
My little business flying;
And if I never make the grade
It's not for lack of trying.

Bertie Ramsbottom

Next week: The Decision Makers

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EIU

Just published EIU Special Report No. 115

Management buy-outs

This report, the first to deal with this phenomenon of the 1980s in detail, explains how UK employees can buy their companies. It covers initial negotiations, the need for professional advisers, the financial aspects and the legal, tax employee and other considerations in the light of the 1981 Companies Act.

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FT COMMERCIAL LAW REPORTS

Sums payable under frustrated contracts

BP EXPLORATION COMPANY LTD (LIBYA) v HUNT

House of Lords (Lord Wilberforce, Lord Diplock, Lord Keith of Kinkel, Lord Scarman, and Lord Brandon of Oakbrook): February 4 1982

WHERE PARTIES to a contract do not contemplate, when contracting, that the contract might be frustrated by political events they cannot be taken to have included a provision which is to be effective whether or not it is so frustrated; and if one party receives a valuable benefit from the other before frustration, the other is entitled to be repaid a just sum for that benefit, with interest at the court's discretion.

* * *

THE HOUSE of Lords so held when dismissing an appeal by Nelson Bunker Hunt, a U.S. citizen, from a decision of the Court of Appeal *([1981] 1 WLR 232)* upholding Mr Justice Goff's order in the Commercial Court *([1979] 1 WLR 783)* that Mr Hunt should pay sums totalling $16,467,933 and interest to BP Exploration Co (Libya) Ltd in respect of valuable benefits received by him from BP prior to frustration of a contract.

Section 1(3) of the Law Reform (Frustrated Contracts Act) 1943 provides: "Where any party to the [frustrated] contract has ... obtained a valuable benefit ... before the time of [frustration] there shall be recoverable from him ... such sum ... as the court considers just, having regard to all the circumstances of the case ..."

Section 2(3) provides: "Where any contract ... contains any provision which ... is intended to have effect in the event of circumstances arising which operate ... to frustrate the contract or is intended to have effect whether such circumstances arise or not, the court shall give effect to the said provision ..."

Section 3(1) of the Law Reform (Miscellaneous Provisions) Act 1934 provides: "In any proceedings ... for the recovery of any debt or damages, the court may, if it thinks fit, order that there shall be ... interest ... for the whole or any part of the period between the date when the cause of action arose and the date of the judgment."

*

LORD BRANDON said that in December 1957 the Libyan Government granted a 50-year concession to Mr Hunt to explore for and extract, any oil found in a specified area of the Libyan desert.

In June 1960 Mr Hunt concluded a "farm-in" agreement with BP under which Mr Hunt was to assign a half-share in his concession to BP, and BP was to explore, develop and operate the whole of the concession from its own resources and at its own expense, for which it would be reimbursed in the form of oil from Mr Hunt's half-share when the field came on stream.

BP duly performed its obligation of exploring, developing and operating the concession, and about six-and-a-half years after the conclusion of the farm-in agreement, oil came on stream.

On December 7 1971 the Libyan Government expropriated BP's half-share of the concession, by which date BP had received 33,101,811 barrels of oil from Mr Hunt. The operation of BP's half-share was taken over by a Libyan Government agency and production continued until June 11 1973, when the Libyan Government expropriated Mr Hunt's half-share.

In May 1975 BP began an action against Mr Hunt in the Commercial Court, alleging that the contract had been frustrated as a result of the *Libyan Government's expropriation of BP's* half-share, and claiming against Mr Hunt such sum as the court might consider just under section 1(3) of the Law Reform (Frustrated Contracts) Act 1943.

The action was tried by Mr Justice Goff who ordered that Mr Hunt should pay BP a principal *sum of $10,801,534 with interest* from June 14 1974, and a further principal sum of $5,666,299, with interest from the same date.

The first and major point put forward on behalf of Mr Hunt in the present appeal, was that, having regard to the circumstances surrounding the making of the contract, Mr Justice Goff was wrong to order Mr Hunt to pay BP any principal sum under section 1(3).

Mr Alexander, for Mr Hunt, said that under the terms of the contract Mr Hunt was not obliged to reimburse BP in cash, but BP had the right to reimbursement in the form of oil when the field came on stream. The effect of that was to saddle BP with the physical risks of failure and on that basis it was necessarily to be inferred that BP should also be saddled with the political risks of failure.

*

There were two alternative legal bases for Mr Alexander's argument. First, that a clause in the agreement which provided that Mr Hunt should have no personal liability to repay BP was one of those provisions expressly contemplated in section 2(3) of the 1943 Act as being intended to have effect whether circumstances arose to frustrate the contract or not. Secondly, that section 1(3) of the Act provided that following frustration a party should only recover such sum as the court considered just having regard to all the circumstances, and that it would not be just for the court to order the recovery of any sum by BP from Mr Hunt.

There was *nothing in* the terms of the contract to indicate expressly or by necessary implication that when the parties made the contract, they contemplated political risks so as to bring the case within the terms of section 2(3) of the Act. It was therefore not inconsistent with the provisions of section 2(3) to order Mr Hunt to pay BP. Nor, with regard to the second legal basis, was there any good reason why the circumstances of the case should make it unjust for the purposes of section 1(3) of the Act to make such an order.

*

It followed that the first and major point put forward on Mr Hunt's behalf failed. The second point was whether the judge was right to order payment of interest on the principal sums, and if so whether he was right to order that such interest should run from a date as early as June 14 1974.

"Any debt or damages" in section 3(1) of the Law Reform (Miscellaneous Provisions) Act 1934, covered any sum of money which was recoverable by one party from another, either at common law or in equity, or under a statute of the present kind. Mr Justice Goff therefore had the power to order payment of interest.

On the question whether the judge had power to order payment of interest from June 14 1974, Mr Alexander submitted that he should not have awarded interest earlier than June 30 1978, when he delivered judgment.

The date on which BP's cause of action arose was the date when the contract was frustrated by Libya's expropriation of BP's half-share on December 7 1971. It followed that under section 3 (1) of the 1934 Act, the judge had power to order interest from any such date, from December 7 1971 onwards, as he considered just in the exercise of his discretion. He preferred the date of June 14 1974 because that was when Mr Hunt first became *fully aware* of BP's intention to bring a claim against him. That reason was an entirely proper one.

It followed that the second and subsidiary point advanced on Mr Hunt's behalf also failed. The appeal should be dismissed.

Lord Wilberforce, Lord Diplock, Lord Keith and Lord Scarman agreed.

For BP: K. S. Rokison QC, I. A. Milligan and R. G. Wood (Linklaters and Paines)

For Hunt: Robert Alexander QC, Nicholas Lyell QC and Peregrin Simon (Theodore Goddard and Company)

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

THE OFFICIAL going report before the latest rain descended on Warwick read heavy, so it is safe to assume that the ground on the low-lying Midlands course will be just about as bottomless as any seen elsewhere this term.

Backers will clearly do well to ignore all but those horses who revel in the mud and are known to be fit.

Surprisingly few look secure on both counts, and I suspect that the selective backer will be able to obtain outstanding each-way value in several races after ruling out all but a few.

In the afternoon's most thorough test of stamina, the 3m 5f George Coney Challenge Cup, one of the few likely to stand up to the combined test of stamina and fitness is Pilot Officer.

Racing off an unflattering mark near the foot of the handicap following several disappointing displays in the early part of the campaign, Pilot Officer gave warning at Hereford on Wednesday that a race such as today's with its emphasis on stamina might see him back in the winner's enclosure.

I will be looking to Mr Snugfit in Carlisle's closing event, the Hethersgill Handicap, despite the gelding's lack of recent form. Now attractively weighted on the 11 st 2 lb mark, Mr Snugfit ought to be good enough if returning to the form which saw him running Leading Lady to three lengths at Newcastle last winter, after notching a 15-length victory on the same course.

Mr Snugfit represents Mick Easterby in preference to his recent winner, Bally-Go. He is probably the best bet at the border meeting, where Three To One can take advantage of the weight he receives from Clever General in the Stanwix Chase.

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3.00—Upper Note
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4.00—Sydney Quin
4.30—Latest Love

CARLISLE

2.15—Royal Rosebery
2.45—Settling Day
3.15—Three To One**
4.15—Mr Snugfit*

TELEVISION

BBC 1

9.05 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Bod. 2.00 You and Me. 2.15 For Schools, Colleges. 3.10 Tomos A Titw. 3.40 So You Want To Stop Smoking. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Animal Magic with Johnny Morris. 5.05 John Craven's Newsround. 5.15 Grange Hill.

5.40 News
6.00 Regional News Magazines
6.25 Nationwide
6.55 Cartoon
7.05 Doctor Who starring Peter Davison
7.30 A Question of Sport
8.00 Terry and June starring Terry Scott and June Whitfield
8.30 Solo starring Felicity Kendal
9.00 News
9.25 Play for Today: "The Silly Season" by Stephen Mulrine
10.40 Anne Murray and Her Music... with guest Ralph McTell
11.28 News Headlines
11.30 American Attitudes: The political and economic status of the U.S.

† Indicates programme in black and white

I don't know Ray Gosling's age but his memories of growing up and especially *his evocation* of the culture of his teens (rock an' roll, cigarettes and CND) are always so uncannily close to my own experience that I am willing to bet there is not more than 12 months difference in our ages. His programme on Radio 4 at 8.20 pm called Crooning Buffoons is described as "A tale of musical and stylistic nastiness in Betty Windsor's woodshed, from the days of the bubble car, up the mini-skirt, through Sgt Pepper, round the kaftan and into Johnny Rotten's toilette."

Muck and Brass sustains a very high standards of writing direction and editing, though the way that Tom Craig so effortlessly outflanks bureaucrats, politicians and competitors is becoming a trace unconvincing. "Play For Today" on BBC-1 is The Silly Season, an account of the culture shock experienced by students Alastair, Lesley and Mike when they take vacation jobs in a bottle factory. In the office Lesley finds the conversation more concerned with weddings than working class politics.

Arena goes deeper than is usual on television into the question of how television itself works, exploring the techniques and the ethics of the current "Police" series in the light of Humphrey Jennings' 1941 documentary "Listen To Britain" which they will be showing at full length for the first time on British television.

BBC 2

11.04 am Play School
3.00 pm Bowls: Embassy World Indoor Championship
5.00 Sandy Powell in The Old Boy Network
†5.40 Laurel and Hardy in "Midnight Patrol"
6.00 The Waltons
6.45 Spine Chillers
6.55 News Summary
7.00 Australian Film Season: "Blue Fin"
8.30 Russell Harty
9.00 Pot Black 82
9.25 One Man and His Dog
10.05 Arena
10.50 Newsnight
11.35 Bowls

LONDON

9.35 am Schools Programmes. 12.00 Button Moon. 12.10 pm The Sullivans. 1.00 News, plus F.T. Index. 1.20 Thames News, with Robin Houston. 1.30 Take the High Road. 2.00 Afternoon Plus presented by Mavis Nicholson. 2.45 Born and Bred. 3.45 Welcome Back, Kotter. 4.15 Dangermouse. 4.20 Emu's World. 4.45 CB TV—Channel 14. 5.15 Emmerdale Farm.

5.45 News
6.00 Thames News with Andrew Gardner and Rita Carter
6.30 Help! with Viv Taylor Gee
6.30 Crossroads
6.55 Reporting London
7.30 The Jim Davidson Show with resident guests Chas and Dave
8.00 Don't Rock the Boat starring Nigel Davenport, Sheila White, John Price and David Janson
8.30 Top of the World presented by Eamonn Andrews
9.00 Muck and Brass
10.00 News
10.30 Midweek Sports Special: highlights from one of the League Cup semi-final second leg ties, and gymnastics
12.00 Superstar Profile
12.25 am Close: "Sit Up and Listen" with Ian Partridge and his sister Jennifer

All IBA Regions as London except at the following times:—

ANGLIA

12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Does The Team Think? 6.00 About Anglia. 7.00 Peterborough Festival of Country Music. 12.00 The Jazz Series. 12.30 am A Bit of a Pantomime.

BORDER

1.20 pm Border News. 3.45 Does The Team Think? 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 12.00 Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 3.45 Does The Team Think? 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 12.00 Central News. 12.05 am Tuesday Jazz and Blues: Muddy Waters.

CHANNEL

12.30 pm Mr and Mrs. 1.20 Channel Lunchtime News. What's On Where and Weather. 3.45 Square One. 5.20 Crossroads. 6.00 Channel Report. 6.30 Does The Team Think? 7.00 Private Benjamin. 10.28 Channel Late News. 12.00 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.30 am First Thing. 12.30 pm Paint Along with Nancy. 1.20 North News. 3.45 Does The Team Think. 6.00 North Tonight. 7.00 The Two of Us. 12.00 North Headlines.

GRANADA

1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 Odd Socks. 3.45 Does the Team Think? 5.15 Diff'rent Strokes. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 12.00 Late Night From Two.

HTV

12.30 pm Paint Along with Nancy. 1.20 HTV News. 3.45 Does the Team Think? 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Arthur of the Britons. 7.00 Emmerdale Farm. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except:— 3.30-3.55 am Am Gymru. 11.35-11.54 About Wales. 12.00-12.10 pm Y Llyfiau Lion. 4.15-4.45 Camigwn. 5.10-5.20 Mr Magoo. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

12.30 pm Gardening Time. 1.20 Scottish News. 1.30 The Electric Theatre Show. 3.45 Does The Team Think? 5.15 Trivial Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Job Spot. 6.30 What's Your Problem? 7.00 Take The High Road. 12.00 Late Call.

TSW

12.30 pm Mr and Mrs. 1.20 TSW News Headlines. 3.45 Square One. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Does the Team Think? 7.00 Private Benjamin. 10.32 TSW Late News. 12.00 Postscript. 12.05 am South West Weather.

TVS

1.20 pm TVS News. 3.45 Does The Team Think? 5.15 Radio. 6.00 Coast To Coast. 6.00 Coast To Coast (continued). 7.00 Emmerdale Farm. 12.00 The Entertainers: Joe Sun With Shotgun. 12.30 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 3.45 The Bionic Woman. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life with Tom Coyne. 7.00 Emmerdale Farm. 10.30 North East News. 12.00 Anticipating Valentine's Day.

ULSTER

1.20 pm Lunchtime. 3.45 Does The Team Think? 4.13 Ulster News. 5.15 Radio. 6.00 Good Evening Ulster. 6.30 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 12.00 Bedtime.

YORKSHIRE

12.30 pm Does The Team Think? 1.20 Calendar News. 3.45 Calendar Tuesday. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm.

RADIO

RADIO 1

(S) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 The Golden Age of Hollywood (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 John Dunn (S). 8.00 Sport On 2 Special. 10.00 One Man's Variety. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Berlioz (S). 10.00 Holst two-piano recital (S). 10.45 French Music For Chorus, Brass and Organs (S). 11.50 English Music For Bassoon And Piano (S). 12.25 pm Hallé Orchestra, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Hallé Orchestra, part 2 (S). 2.35 Chilingirian String Quartet (S). 3.30 Cardiff Festival 1981 (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 How To Win The Nobel Prize for Literature. 8.00 London Philharmonic Orchestra: Concert from the Royal Festival Hall, London, part 1: Brahms (S). 8.55 Poet's Joyce. 9.15 Concert, part 2: Debussy, Ravel (S). 10.15 Music In Our Time (S). 11.00 News. 11.05 [illegible] 11.15 Marc-Antoine Charpentier (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote Unquote (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Bleak House (S). 4.00 Places of Pilgrimage. 4.15 The Ark of Fables. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 Never Too Late (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Animal Language (S). 8.20 Crooning Buffoons (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Legal, Decent, Honest and Truthful (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

THE ARTS

Gimpel Fils/New Art Centre

William Packer reviews Hubert Dalwood, an influential modern British sculptor remembered in two current exhibitions.

Out of sight

Hubert Dalwood was not among the more widely known of the artists of his own, or for that matter of any other generation, but it is becoming increasingly clear with time that he was certainly one of the best. But his reputation has not prospered as it should and for many reasons; he was after all a sculptor and we have had in our century so many good sculptors, of whom far too many have passed unremarked. He was constrained to spend far too much of his time and energy in teaching, which with us is a common fate. He left his affairs in a sad mess, that has lately grown sadder still. And he died too soon. For at the time of his sudden death late in 1976, aged only 54, it seemed indeed that at last and very soon, he would enter into his own.

His attitude had lately grown more open and frankly experimental, his return to modelling allowing him to turn over his ideas rapidly on a small scale and yet his sculptural ambition leading him towards realising the truly architectural quality latent in everything he ever did. The architectural and landscape commissions, abroad if not at home, were beginning to come in.

Two small and admirable exhibitions, that together constitute a survey of Dalwood's work in his last 20 years, his maturity in fact, now occupy Gimpel Fils (the years 1956-70) and the New Art Centre (1970-76: both shows until February 27), and they show us just in what that quality consists. Before all else, the work is concerned imaginatively, and imbued physically, with an almost palpable sense of place. In the earlier period this sense is sometimes evoked symbolically, as by a totem, fetish or sacred object charged with particular, if unstated power or meaning; or perhaps it is carried more directly by his strange and shining towers, aluminium arks or shrines, regular and impersonal, and most emphatically closed and secret. The clear sense is of the work of art marking, signifying and thus making active the particular spot it occupies, the space it fills and whatever it might hold. In this way it becomes the focus of an attention, an imaginative consideration, as it might be a quality of belief, or at a certain remove a kind of worship. Artists were always priests of a sort, medicine-men perhaps, if they were true artists at all.

Then, in his final phase, Dalwood turns himself about, as it were, to look not in upon a central and concentrated mystery, but outwards from it to its effective patch; and so now we find the work suggesting not the particular spot but rather the place at large, not the altar or shrine alone, but the temple, the temple garden and the sacred grove.

He had looked much at the ancient civilisations of the East, in spirit at least, and through their movable artefacts, if not by direct experience, to Persia, and Tibet perhaps, and most especially to Japan; and the names he gave his works by themselves show the extent and directness of their influence. But he was also a West Countryman, and it is not too fanciful to detect in his work also a hint or two at our own distant past, our standing stones and circles, dolmens and barrows, Avebury, Stonehenge, and the rest, redolent still of an unknowable history.

There is nothing literal in the work, however, nothing descriptive or particular. It is all quite his own, and though we may read into it so much allow, as indeed he would, and even encourage our suggestibility, we must not forget that it is what he made, the things themselves, that make it so. Dalwood was no formalist or theoretician, certainly no purist, but even so, whatever the nominal idea that engaged him, it is in the nature of the activity that his preoccupation was bound to be quite as much with the material and its manipulation, with construction and disposition and formal balance. His instinctive command of his several media, of clay in particular, and its translation into bronze, and the new-fangled terrosa ferrata, that he discovered late and modelled with such enjoyment, speaks through all the work. He was always prepared to extend and experiment with the sculptural conventions, mixing materials, painting the sinister cast aluminium tomb of his OAS Assassin, and decking it out with a patriotic ribbon.

OAS Assassin 1962

But all we are given are the small works, the studies and maquettes for the grander schemes; and while the earlier sculpture is for the most part just as it stands, the later is all by implication as large as we care to make it by our own imaginative projection. We must inhabit them for ourselves, our only guide the recollection of those two extraordinary sculptural fantasies, follies almost, that Dalwood made in the early seventies. Arbour, of white struts and timbers, filled a room at the Academy in 1972; and in 1973 the huge, bright red and beribboned Otero dominated the lower entrance gallery of the Hayward for a spell, having been shown earlier at the Peter Moores and Norbert Lynton in Liverpool. Both works have been dismembered long since, and presumably are gone forever.

The maquettes survive, and are in the show at the New Art Centre, along with the terrosa ferrata pieces and a number of bronzes and aluminium reliefs: OAS is at Gimpel Fils, with the towers and totems. Both shows should be seen, for they are really one, and most timely a salute to a considerable artist. Nibs was known, admired and loved, if love is the right word for that deep yet sometimes advisedly cautious affection, by a close circle of artists and associates, that misses him still and will hardly forget him, or his work. He deserves wider celebration than that.

Theatre Royal, Stratford, E.15

Eastminster Abbey Road Show

by ALAN FORREST

Just by the Theatre Royal in Stratford, in that vast shopping precinct which has swallowed a chunk of the old East End, a group of young roller skaters, three black and two white, danced smoothly and elegantly to music from a transistor. It was an unexpected dividend to an eventful evening — and I must admit I missed the first 15 minutes of Michael Horovitz's latest poetry marathon to watch the skaters.

They were better than some of the things that go on inside the theatre during the next three hours. But then Mr Horovitz's "variety bills" always have their hits and misses — it is their unpredictability that keeps you going — and anyone who can bring the atmosphere of Joan Littlewood back to Stratford these days, *if* only for a few hours, deserves a certain amount of respect.

The audience was large but there were a lot of familiar faces, poetry camp followers who have hung on Mr Horovitz's coat tails right from his first Poetry Olympics at Poets' Corner in Westminster Abbey. There were a lot of newcomers, too, and many who came to scoff remained to pray.

For me, the poet of the evening was the splendid James Berry, a Jamaican poet, now living in Brighton. He delivers his beautiful Caribbean love poems superbly. Adrian Mitchell was there, jumping up and down in brown boots and drawing cheers for his nicely phrased warnings of a coming nuclear apocalypse. Mr Mitchell is a star performer and a considerable poet.

I was less impressed by Lillian Lijn, "the New York word sculptress." Her excursions into a kind of poetic equivalent of "musique concrete" were not my cup of tea. Lots of people found her performance very moving and so did I—it moved me back to the skaters for the next 10 minutes. Usually in a Horovitz show there is a moment when chaos takes over and he didn't disappoint us this time. But portly Jack Nuttall complete with trumpet, complemented by Mr Horovitz's kazoo, upset a lot of people, assisted by various friends and enemies who tried to take over the stage. Mr Nuttall then read his own poems to a chorus of hecklers—he went on a lot about nipples, interrupted by a loud voiced lady in the circle who denounced him as a "male chauvinist."

But the evening works. I enjoyed a lot of it including about half of Mr Nuttall. When I left around midnight the skaters were still at it, and I nearly missed my train.

The Canteen, WC2

Flip Phillips

by KEVIN HENRIQUES

Situated just off untrendy Kingsway, The Canteen opened last December with a declared policy of presenting blues, bop, boogie woogie and swing in a slightly more sophisticated ambience than London has been used to recently — rare, close attention being applied to the quality of the food and variety of drinks. Numerous festival and concert posters plus black and white photographs of jazz heroes adorn the walls. A video system enables listeners in the upstairs eating area to see the bandstand below and eventually it is planned that an interval pianist/singer will perform upstairs to the exclusion of taped music as at present.

Thus far The Canteen's broad-based policy seems to be finding a clientele not usually seen at London's other jazz venues except that here the age range is noticeably lower. This inevitably raises the lurking possibility that support for, and appreciation of, some of the more modern jazz musicians as well as the lesser known or older ones will be meagre. However if the "House Full" sign outside and the undoubted enthusiasm of last Friday's crowd inside for the three shortish but full value sets by tenor-saxophonist Flip Phillips are a yardstick then such doubts are groundless.

Now, almost 67, Phillips's fame rests largely on his stint with the Woody Herman band in the mid-1940s and subsequently his decade touring and blowing excitingly with the Jazz at the Philharmonic unit. Since 1957 he has lived and worked mostly in Florida and rarely toured. So to have him in London for a fortnight (which ends next Saturday) is an exceptional treat.

Though remembered by many for his forceful, gallery-pleasing style he turns out to be one of the smoothest, mobile, lightest (but not lightweight) toned tenorists heard in London for years. His long association with Lester Young in JATP has left its mark, not only in the feathery tone but in the curling, effortless melodic lines he plays. It also shows in his repertoire which on Friday included such celebrated Young features as "Jumpin' at the Woodside" and "I want to be happy," the latter even containing that familiar quote from "Bye bye blackbird" which Young found irresistible on record.

Phillips is also noted for some off-beat choices in his repertoire though on Friday only the little-heard Gordon Jenkins ballad "This is all I ask" fell into this category. "Nancy with the laughing face" and "Robbins' Nest" were two other selections not often heard from tenor-saxists in the 1930s.

Throughout his sets Phillips retained the attention with the broad scope of his lyrical playing including some effective cadenzas. Eddie Thompson was in his very best form as accompanist and soloist with bassist Harvey Weston contributing meaningfully all the way.

Homage to Diaghilev

by CLEMENT CRISP

For ballet-goers the Théâtre du Châtelet in Paris must ever be a sacred spot. Here Diaghilev's Russian Season of 1909 brought Pavlova, Karsavina, Nijinsky in the choreographies of Fokine, with décors by Benois and Bakst, and the startling idea that ballet might be an art rising above the activities of gauzy ladies of doubtful virtue and even more doubtful technique. So, for the past two weeks, the Ballet Théâtre Français from Nancy has presented a Diaghilev festival which allowed us to see certain masterworks on the stage for which they were first intended: *Petrushka* in these surroundings looked to me better to me than ever before. The Châtelet may now be called the Théâtre Musical de Paris, but the auditorium and stage retain their original proportions and charm (and under the artistic direction of Jean Albert Cartier the theatre has become the liveliest home for opera and dance in Paris).

Of course, the Nancy troupe could hardly expect to play alone in these grand surroundings, and the presence of Rudolf Nureyev at every performance save Saturday matinées guaranteed capacity audiences. Nureyev was offering his "mantle of Nijinsky" show; the BTF was offering something rather more to the point: scrupulous stagings of *Boutique Fantasque, Les Biches, Petrushka, L'Après-midi d'un faune*, and *Le Spectre de la Rose*, with décors and costumes freshly researched, freshly painted, freshly communicative.

To get the worst over first, I must report that Nureyev's appearance in *Spectre* last Sunday, the final performance of the season, was technically fraught, embarrassing, and interesting only for the imaginative fantasy he brought to the arm movements that convey something of the perfume of the role. Evelyne Desutter seemed ideal in delicacy and dreaming grace as the girl, but *Spectre* really ought now to be accepted as unperformable. Anyone wanting to know what the ballet was like should study the miraculous photographs of Nijinsky by Baron de Meyer: in them the ballet lives as it never does on stage today.

Faune with Nureyev was altogether better. The staging has been supervised by Alexis Rassine, and is cogent, atmospheric. The Bakst backdrop has been superbly realised, as too the costumes, though I disagree with preserving the sleeves which Bakst first planned for the nymphs' dresses but which were abandoned in performance. They cloud the hieratic angles of the women's bodies, and it is a virtue of this staging that so much of the linear sophistication and emotional drive of the choreography comes across to us. Nureyev's faun is a careful portrait; his personal magnetism compels our belief, even if muscular elasticity seems missing from the outlines of the dance. And as Petrushka he again forces us to accept his reading. With no attempt at that smeared, puttyish make-up we see in the Nijinsky photographs, with facial expression reduced to pursing his lips, he played the role conscientiously.

Then, in the scene in Petrushka's cell, there came a passage so magnificent, so emotionally intense as the puppet knelt at the door and beat his poor head on the lintel, that the character came gloriously alive. The production was alive at all times. Mounted by Serge Golovine with verve and clarity of detail, and played with liveliest energy by the BTF troupe, it was like the *Petrushka* we hear in orchestral performance but so rarely see on stage, and the re-studied and freshly painted scenery and costumes were everywhere an inducement to belief.

The Ballerina doll was taken by Evelyne Desutter, giving a performance as good as those by Danilova and Markova—and I can think of no greater praise—and the Moor was imbued with proper brutishness by Rudy Bryans. Here was *Petrushka* alive.

At a previous and Nuruyev-less matinée the artists of BTF were well up to the challenges of this repertory. *Boutique Fantasque* came off least well: the company cannot present a suitably witty Cancan couple, and the Colonne orchestra's playing, uneven at both performances, was debilitating. The text contains some late revisions made by Massine—the Tarantella dancers are ill-served—and the gestural quirks and eccentric vivacity of the Massine style are very hard for young dancers to grasp, but in Patrick Armand as the Cossack chief, we saw a sure and exhilarating portrait in the true Massine manner.

Les Biches and *Petrushka* with a home-grown cast, however, showed the company entirely identified with their roles. The pink-dressed sylphs in *Biches* offered cool and under-played amusement at the amorous exchanges in the sunny drawing-room: Rudy Bryans had the allure and mystery needed for the chief bather, suddenly focussing his feelings upon the androgynous figure in the blue jacket; and Adeline Charpentier as the object of his affection was enchanting. Slender, with beautiful legs and feet, looking somewhat like the young Makarova, Mlle Charpentier trod through the intricacies of her solos with exquisite precision and a delicate, self-absorbed innocence that was perfect. (That she was also a vivid American child in *Boutique* and an attractive Ballerina doll in *Petrushka* suggests that here is a talent to watch with the greatest interest.)

Patrick Armand was impressive as one of the two supporting heroes from the beach; he and his colleague, Hacène Bahiri, tore through the marathon of double *tours en l'air* which comprise their roles with endearing energy, their very youth bringing the right emotional colour to characterisation and to steps. Clear, well-reasoned performances also came in *Petrushka* from Ioan Bosioc as the puppet and Alyosha Gorki as the Moor, but the staging—like that of *Les Biches*—has its real heart in the integrity of the BTF ensemble. After 70 years the Diaghilev repertory can still seem alive; pleasant to find this so on the stage of the Châtelet.

Hammersmith Palais

Altered Images

by MOIRA PETTY

The winsome appeal of Altered Images is as far removed from the uglier manifestations of rock and roll as *Jackanory* is from *Panorama*. This Glaswegian quintet is the most successful of the new crop of Scottish bands, and is also the best representative of the current vogue for simple, unquestioning pop music. Unashamedly commercial, they eschew the urban grittiness of the punk pioneers of five to six years ago whom they regard with polite reserve.

Altered Images' distinguishing stamp, is, of course, singer Clare Grogan who played a pint-sized temptress in Bill Forsyth's film *Gregory's Girl* and later skipped into the hearts of all who saw her fronting the band's childlike fantasy single "I Could be Happy" on television. A charming tousle headed figure she looks like the resident of a pop up picture book and has inspired an army of look alikes who last weekend turned the sweaty Hammersmith Palais into a voyeur's paradise.

Her colleagues (first names only are used), guitarists Tony and Jim, bass player Johnny, with Titch on drums, elaborate the short melodic songs with a mesh of bell-like chiming effects, produced in the speeded up tempo which is *de rigueur* for dancing as far as today's teenagers are concerned.

If these communal compositions with their swirl of jingle jangle effects tend to be repetitious, Clare Grogan uses them as a backdrop against which she stages her vocal adventures—gurgling, whooping, sighing breathily, lisping, chuckling, with scant respect for the lyrics which under her command take on an almost surrealistic air. All the while dressed in a little checked cowgirl's outfit, like one of the Famous Five, she skips and hops with childish glee and a complete lack of affectation. Little Miss Tallullah Gosh, as she likes to be known, is clearly the shape of things to come.

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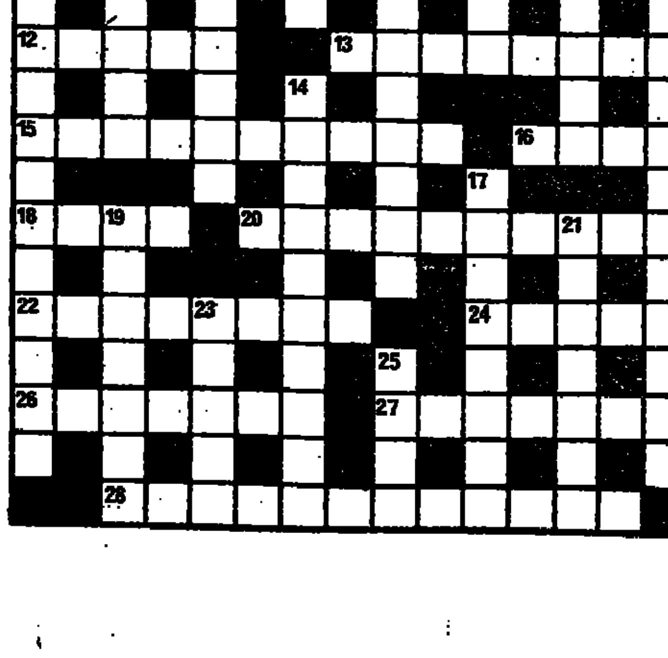
F.T. CROSSWORD PUZZLE No. 4,793

ACROSS

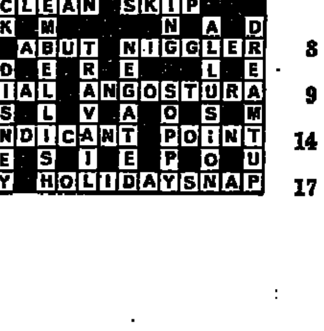
1 What Londoners do habitually for money (5, 7)
10 Deeply fixed through and through (7)
11 Easy to read although it could be Tom in two French articles (7)
12 Show drink in front of church (5)
13 One who agrees to let fool come in (8)
15 Type of jelly making socialist dog storm (3-7)
16 The flower of one's eye (4)
18 Hybrid peas found in a recess (4)
20 Tent socket for a mast (10)
22 Shunning article before empty gin cocktail (8)
24 Dance and drink with sailor returning (5)
26 Record a row from vessel's speedometer (7)
27 Charge a male taking fruit (7)
28 Now strained, grammatically speaking (7, 5)

DOWN

2 Sir Henry Rider—finally untamed (7)
3 Cheat our combination? You'll have to stretch! (5, 3)
4 A source of sugar to beat (4)
5 Rosewood is pale and right perhaps (10)
6 Take pole out of tongue and fish . . . (5)
7 . . . and fish to throw one way with a word of hesitation (7)
8 Plum drops, could it be all that water? (8, 5)
9 A valley where there's little work (9, 4)
14 Large female relative—or more likely she's small (5, 5)
17 The way in to transport (8)
19 What the dentist may do as a temporary expedient (4-3)
21 Space to go around a circuit (7)
23 What golfers do on approach to home? (5)
25 Time to turn up and send out (4)



Solution to Puzzle No. 4,792



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Tuesday February 9 1982

China needs Deng Xiaoping

CHINA'S 77-year-old leader, Deng Xiaoping, is retiring from day-to-day involvement in government. The news has added to existing concern over the future of Hong Kong where, yesterday, the stock exchange index fell more than 40 points. Deng's "early" retirement plans conflict with his own earlier declaration that he would remain in office until 1985. Countering rumours fuelled by his absence from the scene for the past three weeks, Chinese officials strongly denied that Deng was ill. They said merely that he was resting in South China, far from the rigours of the Peking winter. But no one has explained why his retirement has been advanced by three years.

Final impetus

Foreign confidence in China today hangs on a very slender thread, the presence of Deng in the top leadership. In the past five years, he has held the country together after the traumas of the cultural revolution and has thrown his political weight behind a pragmatic approach to the economy.

It was he who provided the final impetus to bring China and the U.S. back into diplomatic relations in 1978 after a break of nearly 30 years. He forged new and important links with Japan and Europe. And it was he who said that investors in Hong Kong could "put their hearts at ease" over the territory's future.

The fate of Hong Kong after 1997 still rests on nothing more tangible than this. The British lease on the New Territories will then lapse. Without the New Territories Hong Kong itself would not be viable. The question of the future is becoming increasingly pertinent since standard commercial leases in the territory run for 15 years, a period no longer available after June this year. Hong Kong's economy is heavily dependent on property and once into the final 15 years mortgages and long-term loans will become harder to raise.

Deng's move to the sidelines—if that is what has really happened—seems particularly ill timed. *China is on the brink of* calling for bids from foreign oil companies to develop offshore fields. These and other schemes like the exploitation of Chinese coalfields by U.S. companies will involve huge sums of risk capital.

The foreign side needs an assurance of stability of which so far Deng's good health and commanding political position seemed the best guarantee.

Within China, Deng's presence has been reassurance that policies of party, economic, legal and cultural reform would go ahead, however jerkily. He is the one man with the political stature and revolutionary credentials to be trusted by the vast mass of people to lead them from the barren years of the Gang of Four to a life of modest peace and plenty.

Stagnating

His policies have made him enemies. His latest campaign, to reform the bureaucracy, will be the most divisive. It is always possible that his retirement is a ploy aimed at making it easier to persuade other old-*timers to step down*. It may, as some observers feel, be a case *of reculer pour mieux sauter*. But he has also promised a purge of the 39m-strong, deeply entrenched Communist Party, whose numbers were swollen by radical recruits in the cultural revolution. It is hard to see how this can be carried out from the seclusion of his country retreat.

There is other work to do. Deng's cultural reforms are already grinding to a halt. His economic measures, much needed to revive China's stagnating industry and agriculture, have run into trouble because of lack of forethought, and sometimes deliberate sabotage. The change of priority from heavy to light industry earned him opposition from China's powerful steel and energy barons.

Divided

Beneath Deng in the hierarchy there is apparently no one yet with the prestige to maintain stability and carry on reform without him. Hu Yaobang and Zhao Ziyang, his protégés who replace Hua Guofeng in his due role as party chairman and premier, are relatively untried.

The top party leadership is still divided between reformers and conventional Communists. A third element, the radicals, left over from the days of the *Gang, still lurk in high positions*. Without the daily presence of a leader powerful enough to make them toe the line, the limited gains of the past few years could be put at risk through an outbreak of open warfare between these factions.

How to make a nation numerate

IT WOULD be a waste of costly words for a British organisation advertising a decisive job in the UK to specify that fluent English was needed. The necessity of basic fluency in the home language, as distinct from more artificial skills of communication, is taken as self-evident. The only occasion when English might be mentioned in such a context would be *if fluency were not* required.

The opposite applies to numeracy — in the sense of fluency in the language which defines, refines and communicates ideas of size and quantity. Unless numeracy is specified directly or by clear implication in an advertisement, which it more commonly is not, the assumption is that it is unnecessary.

Treatment

This treatment of numeracy as normally inessential, even in jobs of high responsibility, is a damaging anachronism. Fluency in the realm of numbers is critical to an economic future which depends much on full exploitation of advancing technology. As individuals, we are obliged increasingly to make important decisions on information presented in figures. But the recent Cockcroft Inquiry into education in mathematics suggests that an educationally *subnormal child can understand* and communicate in words far more sensibly than the average adult can in numbers.

The widespread incomprehension is compounded by what seems to be a traditional disdain in some high places for so-called number-crunching ability. The origin of *the arrogance* may be that, long after the arrival in England of the Arabic numerical system which opened the way to mathematical understanding, society's future leaders were educated almost exclusively in the Classics.

As far as they could see a *need for numbering, the rulers* and most of the ruled drew on the Arabic system to replace and somewhat extend their older techniques of calculating. But they had no incentive to strive for fluency in the alien language of quantity and size. That chore was left to the minority with a readily identifiable bent for it. And much the same attitude to maths persists today.

Part of the purpose of teaching it in schools remains the identifying and training of unversity dons in pure mathematics, although less pure talents are later converted into engineers. The majority of children with no evident talent are left behind and at best programme themselves with assorted formulae like tourists memorising foreign phrases with no comprehension of their context. Some of these unfortunates return to schools to teach the maths they barely understand, so ensuring that the process remains largely useless.

In an attempt to make it productive, the report of the Cockcroft Inquiry makes admirable proposals. Their main aim is to awaken teachers, and employers and parents, to the fact that children's mathematical aptitudes differ greatly, and so they need to be taught in different ways. Given a *sensibly "differentiated curriculum"* and general agreement to teach maths as a tool for counting, measuring and communicating, most children could attain at least basic fluency.

The gateway to this necessary end is a major campaign to retrain teachers in the new methods required and to re-*orientate them to producing a* numerate multitude rather than just a few high-level specialists. The report points out that suitable methods are already used in exceptional schools, and that the Education Secretary has power to require local education authorities to use specified sums of money for retraining maths teachers.

Reforms

But the report fails to propose any means of managing and engineering the reform, entrusting it to an education profession which traditionally has not been noted for radical self-adjustment. Since numeracy *is important, the Government* should provide a central driving force. Otherwise the Cockcroft report is liable to be shelved and largely forgotten—like the reforms of teacher-training promised by Mrs Margaret Thatcher when she was Education Secretary a decade ago.

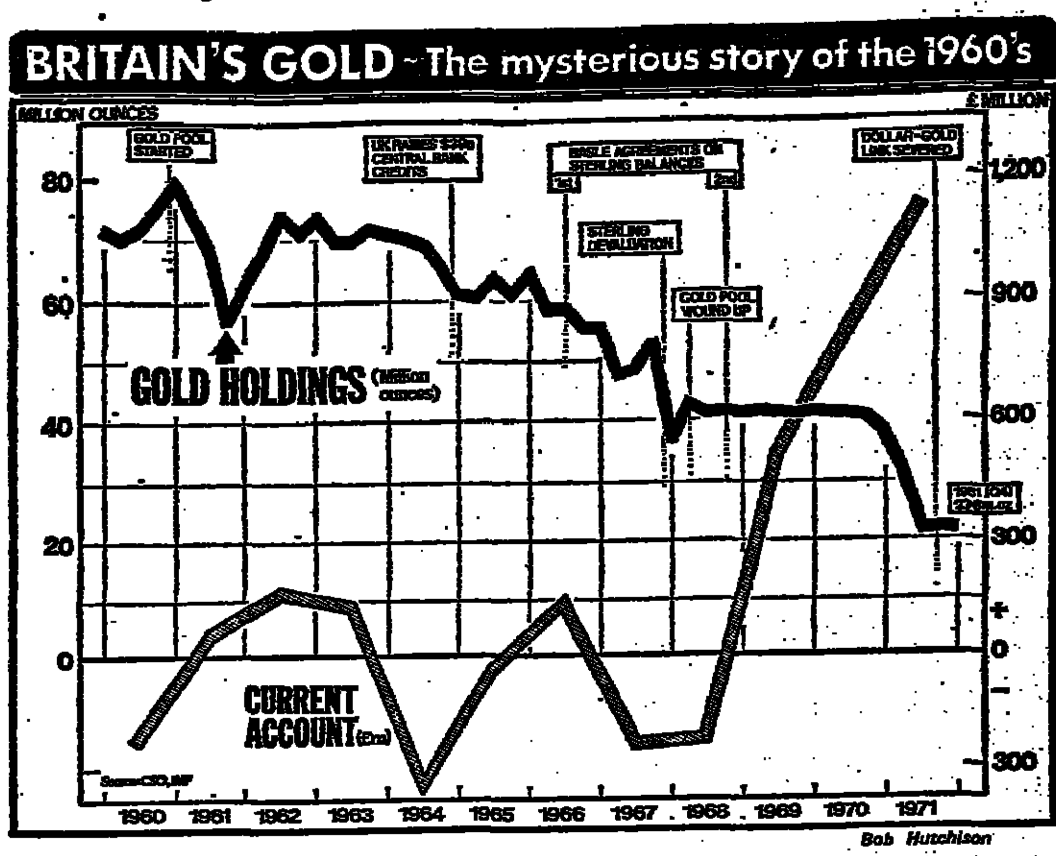
A STRANGE GAP IN HISTORY

The Bank's golden silence

By David Marsh

During the troubled monetary era of 1960-71, the last decade before the break-up of the Bretton Woods system, Britain lost around 70 per cent of its gold reserves.

The story of the gold sales appears in retrospect to have been one of the biggest financial blunders in history. The details may never be revealed, not even when classified documents are published after 30 years.



TOURING the sights of New York during a stay in the Waldorf Astoria last April, a personal assistant of Mr Gordon Richardson, Governor of the Bank of England, was pleased and surprised to be taken on an escorted visit to see the vast piles of gold from many countries stacked high in the vaults of the New York Federal Reserve Bank.

His astonishment was perhaps understandable. The New York Fed, custodian of one-third of the non-Communist world's bullion reserves, operates an open door policy towards the $140bn worth of gold stored 80 feet below the ground in Manhattan.

Around 15,000 visitors a year troop through the treasure trove to see the gleaming wealth of nations, piled up in cages like in a show-piece penitentiary.

The Bank of England, on the other hand, the second largest depositary of central bank gold after the Fed, keeps the location of its vaults a secret even from many of its staff.

There are a range of reasons—apart from traditional British stiff upper lip diffidence—for the mystery.

The Bank of England is an active force in the international bullion market. Apart from looking after Britain's gold reserves (formally the property of the Treasury), the Bank also stores gold on behalf of publicity-shy central banks and other customers which are increasingly using London as their international trading base.

In particular, it acts as the warehouse for gold sold by South Africa, the world's largest producer, which still sends a large proportion of its international shipments through London.

The most pervasive reason for the bashfulness about bullion, however, is historical. The story of the decline in Britain's gold reserves since the 1960s is not a happy one—and both Government to forestall the devaluation of sterling during 1964-67—appears in retrospect to have been one of the biggest financial blunders in history.

It is linked up with a range of secret agreements by the Bank of England with the Bank for International Settlements in Basle and other foreign central banks. Details may never be revealed even after the lapse of the 30-year period beyond which the British Government allows publication of classified documents.

Particularly mysterious is the episode between November 1970 and August 1971, during which Britain ran down its gold reserves by nearly one half.

The loss now appears to have been due to secret agreements with the BIS under which Britain incurred a future liability on its gold reserves as the method of repayment for central bank loans dating back to the period around the 1967 sterling devaluation.

The secret was known to only very few. Some have since died or forgotten. But one central banker has a file in his office containing all the relevant documents. He says simply: "You will never find out the full story."

A file in his office contains all the relevant documents

the Bank and Whitehall would prefer it not to be told.

The Bank is world-renowned as a secure and trusty keeper of other people's gold. But it has been singularly unfortunate *in the more important task of* looking after Britain's.

During the troubled monetary era of 1960-71, the last decade before the break-up of the Bretton Woods system, Britain lost around 70 per cent of its gold reserves. This was a far bigger proportion even than that lost by the U.S., which was leading the efforts to sell the metal under the Gold Pool arrangements to maintain the old official price of $35 an ounce. And it was in direct contrast to other European central banks, which were steadily accumulating bullion to profit from the price rise which they thought inevitable.

The story of the gold sales—closely tied up with the ill-starred efforts of the Wilson

On the face of it, the loss seems inexplicable because at *the time sterling was strong*, the dollar component of the reserves was rising strongly, and Britain was chalking up one of its strongest post-war balance of payments performances. Concerted central bank sales of gold had stopped back in 1968 when the gold pool broke down.

Additionally, the Bank of England, along with the rest of the world, was fully aware that the Americans would soon have to raise the official gold price. This made 1971 the worst possible time to lose gold.

As bad luck would have it, President Nixon's announcement of the suspension of dollar-gold convertibility—the prelude to the bullion price explosion of the 1970s—came in August 1971. This was the very month that the Bank of England's gold losses stopped. Since then, as the chart shows, Britain's bullion holdings have hardly changed.

In the months after August 1971, some members of the American Government put forward the story that a last-minute British request to the U.S. Treasury to reverse the gold flow and convert large quantities of dollar reserves into bullion had actually triggered off Washington's closure of the gold window. That version was—and is—hotly denied by the Bank of England. But one British official, recalling the general concern among central banks at the time that the U.S. was about to block cheap buying of gold at $35, now admits: "We were joining in the general anxiety."

The gold decline during those 10 months 11 years ago amounted to £280m at the old official price of $35 an ounce.

At the present gold price of around $380—even though highly depressed in comparison with the 1980 peak—the loss comes to a rather more significant-looking £4bn, or enough to pay one-third of the nation's annual defence bill.

The 1970-71 loss in fact accounted for nearly half of the £570m run-down of the gold reserves during 1960-71 (£10bn at present prices). During the same period, West Germany increased its gold reserves by around £9bn (at present prices), France by £13bn, and Italy by £7bn.

The UK's gold loss came in spite of an overall current account surplus during the period (thanks largely to the big surpluses in 1969-71), and a big increase in foreign exchange reserves.

The gold sales in effect financed the enormous capital outflows sparked off by the Labour Government's ultimately futile battle to stave off adjusting an over-valued exchange rate.

The sustained desire of foreign central banks to run down their sterling balances, together with the huge losses incurred on ill-fated Bank of England forward foreign exchange operations, led to continued outflows after the November 1967 devaluation.

This created the need for more support credits from international central banks after the devaluation—and greater recourse to gold, in transactions which did not show up in the official figures until 1971.

There was also, of course, a *feeling among the* Bank's political masters during the 1960s that gold was on the way out as a reserve asset. This led to a steady building up of the dollar proportion of the reserves. At the beginning of 1960, gold (valued at $35 an ounce) outweighed foreign exchange in the reserves by 11 to 1. By the end of 1971 the proportion had shifted dramatically: currency holdings amounted to six times the gold reserves.

Lord O'Brien, who was governor of the Bank of England from 1966 to 1973 and is now retired, declines to comment on the reserve loss in 1971. "That will have to be *left to those who come after* me." But he does confirm that he spoke out in favour of an increase in the official gold price as early as the fateful Washington meeting in March 1968 to wind up the Gold Pool. (Significantly, Sir Harold Wilson is on record as having opposed a price rise at that time.) This implies that the Bank would have been a reluctant party to disposing of gold at the bargain price of $35.

Lord Barber, who was Chancellor of the Exchequer in 1971, also declines to comment. His involvement in the affair—albeit rather peripherally, as the actual commitments seem to have been entered into under the previous Labour Government—has a certain piquancy.

He is now chairman of the Standard Chartered Bank, a major force in over-the-counter gold sales, which has run advertisements urging investors to "Enter the Golden Age."

Sir Jeremy Morse, an executive director at the Bank of England from 1965 to 1972 and now chairman of Lloyds Bank, terms the 1971 fall in the gold reserves "an historical detective story."

He says: "No government in the world, including Britain's, was saying in 1971 that it wanted to get rid of its gold on *a priori* grounds. It was the Americans who were saying that gold was finished. But everyone asked them why, if this was so, they didn't want to sell it themselves. Gold in 1971 was becoming what it is now—a bottom drawer reserve asset."

Bank of England secrecy about gold is certainly nothing new. The Bank refuses to publish photographs of its gold vaults (in contrast, the New York Fed distributes an informative 12-page brochure full of pictures).

In fact, the Bank's gold looks a great deal less impressive than the Fed's. The bullion in the vaults—which lie a couple of floors down, on the Lothbury side of the building—stands not in a gleaming stack but in a rather untidy pile spread roughly knee-high over the reinforced concrete floor. The reduced height reflects the Bank's fears for its foundations. Gold is very heavy—and the Bank is built over a subterranean City stream.

Until June 1937 the amount of Britain's official gold stock was kept under wraps. "It was treated as if its disclosure meant national disaster," complained the late Paul Einzig, the author.

Even today Britain publishes the figure only several months in arrears—a greater delay than all other Western industrial countries, and several developing nations besides.

Mr Charles Coombs, formerly in charge of foreign exchange operations at the New York Fed, has related how he experienced for himself the degree of Bank of England discretion in 1961. When the Fed tried to find out details of London bullion market transactions during the gold crisis that year, the Bank at first declined to co-operate. In view of its special role as marketing agent for South African gold, the Bank was concerned that leakage of information might strengthen the hand of competing Swiss commercial banks.

The same rivalry continues today. The Bank has helped ensure that statistics on exports and imports of gold to and from the London market have been expunged from British trade statistics in order to guarantee Swiss-type secrecy. And it gives the London brokers a helping hand by providing high-security vault space. The Swiss banks complain that, without Bank of England help, their London rivals would not be so competitive.

"The Bank of England is paranoic about anonymity," says one London bullion dealer. "Other central banks look to the Bank for expertise in gold," says another.

In a bid to drum up business after the First World War, the Bank started to offer other central banks facilities to hold gold in 1923. The biggest customer is now West Germany, second largest holder of monetary gold in the world after the U.S. The Bundesbank keeps just under half its reserves in the City and most of the rest in New York.

The BIS itself keeps a lot of gold at the Bank. At its palatial headquarters in Basle the BIS boasts a fully-equipped nuclear fall-out shelter—but no bullion vaults.

The Bank's reputation for discretion won it the doubtful honour of being chosen as the middleman in the complex U.S.-Iran hostage deal last year, which itself involved top-security transfers of 50 tonnes of gold across the Atlantic.

The Bank normally appears on the bullion market in a more

A rather untidy pile—the Bank fears for its foundations

routine way, acting mostly through Rothschild's, the London merchant bank which has acted for the Bank on the bullion market since the early 19th century.

"When the Bank goes into the market, you don't know whether it's simply buying metal for the Royal Mint's sovereign production, stocking up the UK reserves, or acting on behalf of another central bank," says a London dealer.

On occasion during the late summer of 1981, the Bank does seem to have been a small net buyer for the UK reserves at a price of around $400 an ounce. So the Bank's own bullion dealers have presumably shared some of the gold market's nervousness at the recent price fall.

Men & Matters

Flight paths

Where does the grounding of Sir Freddie Laker leave Reg Pycroft and his Jetsave trans-Atlantic cut-price holidays operation?

Pycroft, who says "Freddie did not invent low air fares, he promoted them," sold Jetsave (and himself as chairman and chief executive) to ACC for around £3m when Lord Grade was diversifying its activities.

But recently he has been trying to buy his outfit back again for a little under £2m. Reason for the reduced price was that Jetsave faced tougher market conditions. Its first half profits were £600,000 and, with the bleak winter not yet over, Pycroft reckoned that an ACC under Robert Holmes à Court might want to get out before the going got rougher.

Without Laker's competition, however, the value of Jetsave and its low-price tickets to the U.S. and Canada looks somewhat higher than it was five days ago. Can the effervescent Reg still afford a buy-out?

The Pycroft crew, convinced that Holmes à Court is agreed in principle to a sale (the Gerald Ronson view is not yet established), thinks the deal could still go ahead.

"If the Laker business has proved anything, it is that this business has a big down-side to it," says Pycroft cheerfully. It is this risk that he clearly hopes may deter ACC's new bosses and make them eager sellers.

So talks continue, with both sides making suggestions about likely figures. Much will depend on Laker revival plans. Meanwhile Pycroft is enjoying both the new bookings for Jetsave and his chats with Holmes à Court. "He is such a charming man to negotiate with," he says.

"Perhaps we can save the day by registering as a charity"

Wings of song

"It's finance we want. We have to make our presence felt at the centre of finance in this country," says veteran Laker Airways pilot Gordon Steer.

So after handing in a petition with 1m signatures at Downing Street, more than 100 Laker staff tripped down to the Stock Exchange yesterday.

They crammed the public gallery, singing the newly composed Laker anthem to the tune of Land and Hope and Glory:

"Cheaper still and cheaper,
Skytrain fares did fall
We will get you flying
Laker conquers all."

Stock Exchange members responded from the floor with a hearty, though not unsympathetic, rendition of that other airline's jingle: "We'll take good care of your, fly the flag."

But that was before the Bank of England also turned up to tap them for £750m.

Hush money

What David Gergen, the White House press secretary, felicitously described as a "new tradition" of cost saving was largely responsible for the premature release of the details of the U.S. budget at the weekend.

The budget documents were distributed to journalists on Friday night with a strict embargo on each volume until 5 pm London time yesterday. Normally, no journalist who wanted to have anything to do with the White House in the future would dream of breaking an embargo on a document of such importance.

But, not content with giving the world's press a few days to brace themselves for the President's record budget deficits, David Stockman, the budget director, went up to Capitol Hill to give congressmen advance copies of his magnum opus.

Within minutes, these trustees, eager to draw attention to themselves in an election year, were on the lines to their hometown radio stations with the budget details which the President had confided in them. Their aides did a brisk trade handing out photocopies of key budget tables which had aggrieved their masters to anybody who cared to take them. These copies, of course, did not carry the White House embargo.

To make matters worse, the White House decided to further its "new tradition" of cheese-paring by making the press pay for anything more than one copy of the budget books. At $38 a set, this would have brought in about $12,000 towards the President's $99bn budget deficit. Unfortunately, the press office forgot to attach embargo stickers to these books.

When Gergen was told by the New York times that the budget would be published in full on Sunday, because it was already in "public debate," all he could do was formally lift the embargo, arrange for as many Administration officials as possible to appear on television over the weekend, and open the floodgates.

Total eclipse

A Soviet factory made 13,000 pairs of sunglasses so dark that those who wore them could have looked straight at the sun without even seeing it.

The same factory, in the Ukrainian city of Donetsk, also produced more than 3,000 plastic footballs that burst like soap bubbles when they were kicked, Tass news agency reported yesterday.

It named the factory as an example of the poor product quality and indifferent management plaguing much of the country's consumer goods industry. Proper measures had now been taken to improve the factory's output, Tass added—including a fine of one month's salary on the manager.

Clued up

Official meetings in Tokyo have their longueurs as the Japanese is translated into English and the English into Japanese. During a pause from wrestling with the UK's trade imbalance with Japan in a series of recent talks, Trade Secretary John Biffen was seen to draw a visiting card from his pocket, write one word on it and pass it to his private secretary. The word was "footpad."

Puzzled, the private secretary *took the matter up afterwards*—where did this fit into the diplomatic scheme of things? "Saturday's FT crossword—one down," Biffen tersely replied.

Observer

Letters to the Editor

Some new approaches to the unemployment problem

ECONOMIC VIEWPOINT

More jobs without 'reflation'

By Samuel Brittan

From Mr Edwin Whiting

Sir,—From our recent research, it would appear that "further falls in inflation" would rank rather low in priority for most company managements (and ordinary workers). Yet Samuel Brittan (January 28) tells us that this should be one of two main aims of the Budget.

Our evidence would suggest that an inflation rate of 10 per cent is regarded as about the norm in the UK. Financial plans and decisions are made on this assumption, which accords well with the consensus of economic forecasts in your issue of December 29. If a substantial fall is now to be expected, investment decisions may be curtailed while waiting for the likely lower interest rates to materialise and the impact on the real cost of debt to be absorbed.

What industry needs is a steady rate of inflation which can be used with reasonable confidence in future planning. Sudden increases or decreases are almost equally bad. The happiest environment for entrepreneurs, finance directors and investors alike is predictability in the movement of sales, prices and costs; these include interest, exchange and inflation rates.

No wonder that the CBI wants a reduction in employers' national insurance contribution. It reduces industrial costs by a known amount and acts directly on the propensity of employers to employ people.

By contrast the "target subsidy," recommended by Samuel Brittan in his article, is inevitably surrounded by complicated conditions, form filling and inspection to prevent abuse. The booklet on the "Young Workers Scheme," for example, (based on an idea by Professor Walters) states that "the Secretary of State is under no obligation to make payments in any particular case." The subsidy is paid only every three months, "to employers who make successful applications." I would guess that only large companies with co-ordinated accounting and personnel departments will be bothered with the Scheme and mostly in respect of workers who they would have taken on anyway.

Samuel Brittan poses two extremes, of (1) specific direct subsidies for certain groups and (2) reduction in indirect taxes with extremely remote effects on employment, as his favoured measures to create "more jobs without reflation." But there is a whole host of other feasible measures which are rarely considered.

First, the objectives must be clarified. Are we aiming primarily to reduce youth unemployed, long-term unemployed or the total number whoever they are? Then, how far may we change the distribution of income and wealth in order to increase employment?

Depending on our answers, we could scale the rate of employer's national insurance contributions according to age of employee, or length of working experience or previous unemployment, or location or region of the employer. We could raise the lower earnings limits of £29.50 a week in order to exempt more low wage earners. We could raise the upper earnings limit of £220 to raise more revenue. We could substantially abolish employer's NIC altogether and raise more revenue from capital transfer tax, indirect tax (especially through widening the tax base) and income tax (especially through reduction of mortgage interest relief).

Without increasing inflation there is a wealth of possible fiscal measures to be researched with a view to finding out their effect on employment. No holds should be barred.

Edwin Whiting,
Lecturer in Management Control,
Manchester Business School,
Booth Street West,
Manchester.

From the General Secretary, Association of Professional Executive, Clerical and Computer Staff.

Sir,—Samuel Brittan's article (January 28) rightly states that the trouble with the proposal to cut the National Insurance Surcharge is that it is too widely spread. The fault lies with the CBI which has not been prepared to discriminate among its members.

However, a cut in the surcharge will have clearly different results in different types of employment. For trade unions or legal practices its effect would be marginal. For banks its effect would be marginal compared to the level of interest rates or the health of the customers. To those engaged in production who compete for exports or against imports it would be a significant cost if the surcharge were sufficiently reduced.

The surcharge is referred to as standing at 3½ per cent. That figure ignores the fact that in 1980 the Government reduced its contribution to the National Insurance Fund from 18 per cent to 14.5 per cent and in April will further reduce it to 13 per cent. Put very crudely, instead of the surcharge being 2 per cent as it was in 1976 the real current level is nearer 10 per cent. The Chancellor should restore the Consolidated Fund contribution to 18 per cent and show the true level of the surcharge on employees as well as employers which subsidises the Consolidated Fund.

A cut of 6 per cent in the Employer's Surcharge in the production industries covering some 7½m workers would enable them to make an average reduction of 3 per cent in prices ex works. This would result in a significant growth in demand for British products with more people employed in industry and a low-level inflation. The cost would be no more than that involved in a general cut of 2 per cent in the surcharge.

Unlike income tax or VAT cuts such a positive reduction would be concentrated on home production and employment. To that extent it would be in part offset by reductions in numbers claiming benefit and higher tax yields.

It certainly would require positive effort to see that employers passed the benefits on in reduced prices—the cumulative effect of which is important to them as purchasers of goods. The Government can directly control its effect on coal, electricity, shipbuilding, vehicles, and aerospace. As purchasers, central and local government can insist on price reductions in construction and from a whole host of other suppliers.

Textiles, clothing and footwear are prominent among the industries where competition would quickly ensure the necessary price reductions.

If all the economists are right, unemployment is going to increase further this year. It is time the Chancellor stopped taxing the creation of jobs and wealth.

Roy A. Grantham,
22, Worple Road, SW19.

From the Director of Economics, Bank of America, Europe, Middle East and Africa Division, London

Sir,—Samuel Brittan's article "More Jobs without Reflation" (January 28) was a welcome and refreshing contribution to the current debate in the UK (and other industrial nations) about how to tackle the most serious economic problem of our time. There is an urgent need for a new approach to political and economic thinking on the subject of unemployment. Mr Brittan's views embrace such an approach by shifting the emphasis of policy away from technical and blanket solutions to specific measures designed to reduce unemployment and inflationary expectations.

The proponents of large increases in public expenditure (eg Alternative Economic Strategy) or of massive tax cuts (eg the Reagan programme) are surely motivated by good intentions but they should know more about the road to hell than is apparent. In the final analysis, neither strategy can be successful without the reverse of the other but the political and practical barriers to large-scale public spending cuts or tax increases are insurmountable. Juggling with PSBR and money supply targets and arguments over £1bn, £2bn or £10bn reflation programmes are luxuries we cannot afford and do not need.

There is no shortage of confusing or irrelevant policy recommendations to bring down unemployment. Politicians complain of the demand deficiency in the economy and simultaneously argue for a trade-off between rising living standards and a reduction in unemployment. The argument that employment creation will follow from harnessing the nation's savings, partly through capital controls, is at best spurious and is probably just another attempt to find a scapegoat.

The problem of structural unemployment, for that is what it is, will not be solved by cyclical demand-oriented policies when there is no critical shortage of aggregate demand nor by selective controls on the financial sector while the rate of return on physical investment in the home economy continues to be dwarfed by the returns to financial investment.

We need urgently to implement policies that will (a) shift the distribution of income to capital (however it is distributed or owned); (b) be directed specifically to the labour market in general and to the employment of the existing unemployed in particular; and (c) reduce inflationary expectations as abruptly as they were raised in 1979.

What we patently do not need are large-scale, costly economic programmes that will merely encourage consumption and inflation (as in France) and leave the bulk of the existing unemployed on the sidelines only to be boosted further in a year or two.

George A. Magnus.
25 Cannon Street, PO Box 407,
London EC4.

From Mr D. F. Williams

Sir,—Mr Samuel Brittan's article on "More jobs without reflation" (January 28) contains a table based on one in the *National Institute Economic Review.* He is right in putting under his table "warning: use with care." His table might, for example, suggest that a given fiscal injection has the same effect on unemployment whether done by a cut in the National Insurance Surcharge (NIS) or in Income Tax. But such a deduction would ignore several points.

First, the text of the *Review* emphasised that the results are based on assumptions that are relatively unfavourable to the case for a reduction in NIS.

Secondly, as the table shows, a given gross fiscal injection through cutting income tax increases the PSBR by some 50 per cent more than if done by cutting NIS, partly because a substantial part of NIS is paid by Government to itself so that public spending is reduced.

For these two reasons alone, a given increase in the PSBR should be well over 50 per cent more effective in reducing unemployment if done by cutting NIS rather than income tax; and, as the table also shows, have considerably more favourable effects on the price level.

D. F. McWilliams,
Deputy Director,
Economic Directorate, CBI
Centre Point, WC1

Effects of the price war in aviation

From Mr R. Hutchings

Sir,—I am astonished to hear and to read comments about the tragedy of Laker's demise. Tragedy, because he brought cheaper travel to the masses. He did no such thing. The people who gave us cheap travel were Laker's backers and bankers, they brought cheap travel to the masses, over £200m of it.

Throwing such sums of money to support a theory that was doomed from the start hardly deserves such praise as one hears now. Those who, in the past, opposed Skytrain at every possible opportunity weren't just self seekers. They could foresee the prospects of a major international price war and knew the historical fact that nobody gains from such events. The full effects of the price war upon the industry have yet to be felt, watch Braniff, Pan Am, TWA, Qantas, Air Florida and more.

Sir Freddie is a great man, and he certainly has charisma. Who else could have persuaded so many hard nosed bankers and creditors to support loans of more than seven times his assets. He was at his best in his own, not lesser but different, part of the aviation industry namely, the non-scheduled carriers.

It is my earnest hope that if ever another entrepreneur comes onto the aviation scene, then the established carriers who have spent a lifetime trying to sustain the safety and stability of the industry will not find it absolutely essential to match them.

Roy Hutchings.
Rosall Farm,
Grendon Underwood,
near Aylesbury,
Bucks.

Immunity for all at Lloyd's

From Lady Middleton

Sir,—It is time to restate the reasons why at the Albert Hall meeting in November 1980 such a large majority voted in favour of the draft Lloyd's Bill, when no previous opportunity for discussion or proposition had been called. The beguiling words on the voting card clearly stated that we were voting for the Bill, subject to Parliamentary approval and amendment.

The immunity sought in the redrafted Clause 14 not only encompasses all Lloyd's members, but also the society's officers and employees. This blanket immunity cannot possibly inspire confidence in those whose financial commitment is total unlimited liability. With no right of legal redress in cases of negligence or irregularity, how is an external member to ensure that an effective investigation is instituted? Without right of legal suit, would the Sasse case have ever been resolved?

If the committee of Lloyd's still maintains that under the present rules it has insufficient powers to cope with its problem, why is the chairman seeking such Draconian powers when his predecessors managed very well without them and gave Lloyd's the world-wide reputation it enjoys today?

We deplore the adverse publicity now visited upon Lloyds, it cannot inspire confidence in would-be insurers and new markets waiting in the wings will be quick to mop-up all available premium income from disenchanted insurers.

Jane Middleton.
(Chairman, Association of External Members of Lloyd's),
Birdsall House,
Malton,
N. Yorks.

Self-regulation via elections

From Mr J. Burrows

Sir,—Through your pages reservations are rightly expressed about the Lloyd's Bill. The need for immunity from all members of the Lloyd's community arises because the majority of members who do not work at Lloyd's are to be disenfranchised.

A simple postal ballot by all members for the chairman, members of the council and committee, freely elected on a one member, one vote principle, would ensure acceptance of authority by all concerned.

The society then no longer needs to seek immunity from its members when such authority comes from Parliament, and the membership as a whole and division within itself is eliminated.

Members of Lloyd's have a duty and responsibility to make certain that the society controlling this insurance market is properly run by people whom they have individually elected, and within those rules their agents must work.

Only then can there be the ability and will to maintain self-regulation to safeguard the interests of both the insurer and the insured in return for his premium.

J. D. Burrows.
Copyhold,
Bury,
Pulborough,
Sussex.

A role in choosing a chairman

From Mr P. Truett

Sir,—One has always been amazed at the interest a Mr Malcolm Pearson, who is not a Member of Lloyd's, has taken in the Lloyd's Bill. Now one reads (February 5) that he thinks the chairman of Lloyd's should resign. No such call has come from the 19,000 or so elected members. Perhaps he should consider joining first and playing a part in the election of the committee (who in turn elect the chairman and deputy chairmen) before calling for resignations.

Mr P. A. Truett,
Lloyd's, Lime Street, EC3.

A question still remains

From Mr N. Parker

Sir,—No one has been more critical than I have been regarding the handling of the Lloyd's Bill. I therefore totally concur with the view of Mr Malcolm Pearson that the promoters have been inflexible and clumsy.

Indeed, as original petitioner against the Bill, I have had the pleasure to get to know and respect both Mr Pearson and his views. His call for Mr Peter Green's resignation as chairman of Lloyd's (February 5), however, provokes one vital question: in favour of whom?

N. Parker,
56, Curzon Street, W1.

Freedom at different prices

From Mr Gerard Morrison

Sir,—Am I correct in believing that the apparent differences between the conditions set out by the Polish military for the lifting of the suspension of Solidarity; and the new employment bill set out by Mr Tebbit, are mere quirks of translation.

Gerard Morrison.
21 Norman Road,
Bootle 20, Merseyside.

The case for a cash flow tax

From the Director of Statistics, Inland Revenue.

Sir,—I should perhaps correct one factual error in the article on the Corporation Tax Green Paper by Mr Jeremy Edwards and Mr Colin Mayer (January 20).

The Green Paper estimates that a revenue neutral rate of corporation tax, in the case of an S base company expenditure tax, would have needed to be something in the region of 200 per cent (on a tax exclusive basis), with substantial variations from year to year.

Messrs Edwards and Mayer challenge this estimate because (they say) it "assumes that the present system raises revenues at the rate of 52 per cent of profits." They state—as indeed the Green Paper itself explains—that, after capital allowances and stock relief etc, the effective rate of tax is substantially lower—at least on historical cost profits. From this, they argue that the revenue neutral rate of tax under an S base company expenditure tax would also be substantially lower.

This is a misunderstanding. The estimate in the Green Paper is of the rate of an S base company expenditure tax which would have been on average necessary to raise the same amount of tax as was actually raised in the recent past under the present system after all reliefs and allowances.

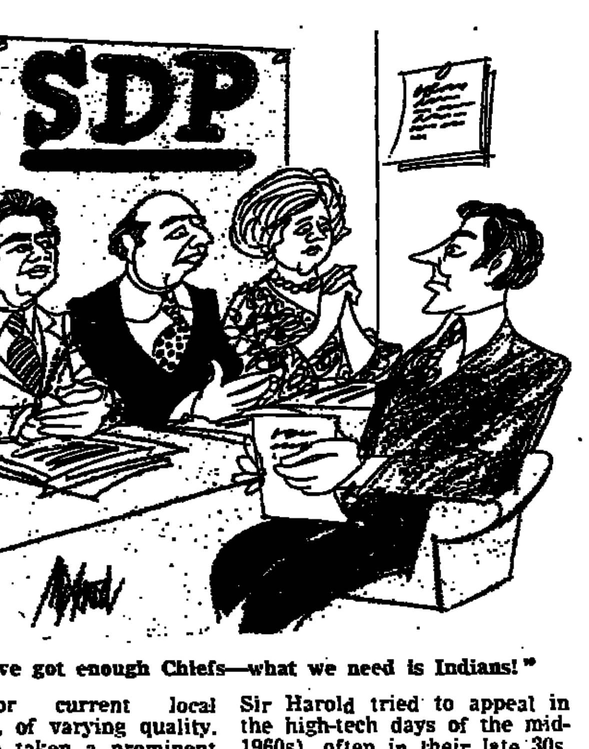
J. W. S. Walton.
Somerset House, WC2.

SDP Prospective Candidates

So you want to be an MP . . .

By Peter Riddell, Political Editor

A manager or professional man in his 40s, with few previous political ties but regarding himself as broadly left of centre, probably active in local voluntary organisations and possibly also a committed Christian, strongly in favour of British membership of the EEC and partnership in industry.



"We've got enough Chiefs—what we need is Indians!"

SOMEONE FITTING this description may be standing in your Parliamentary constituency as the Social Democratic Party candidate at the next general election. For this identikit represents the commonest of the many types emerging from a unique screening process being undertaken by the SDP.

Between the end of last year and mid-April around 1,200 men and women are likely to have been interviewed to see whether they are "fit and proper" people to be placed on the party's panel of prospective Parliamentary candidates.

The process is unique because no other party in British political history has sought from scratch to put up roughly 300 new condidates at an election (less 27 sitting MPs). If the SDP/Liberal Alliance achieves anything like its ambitions — or even the more modest results shown by the latest opinion polls — there will be one of the biggest influxes of new MPs this century.

The SDP estimates that of the first 650 or so application forms received, the largest group work within the general heading of management. The next largest groups, in order of prominence, are teachers, academics, journalists, barristers, doctors, solicitors, local government officers and other administrators, and engineers.

A more qualitative impression can be derived from the comments of half a dozen MPs and others who have been involved in over half the 500 or so interviews which have so far taken place. Their remarks reveal the following categories.

● Professional politicians, mainly defectors from Labour. There are quite a large number of ex-MPs (such as Dick Taverne, David Marquand and Michael Barnes), ex-Parliamentary candidates and others with experience of national politics (such as former special advisers to ministers).

There are also a number of former or current local councillors, of varying quality. Some have taken a prominent role in setting-up local areas of the party, but are local rather than national politicians. There is also a number of very keen ex-Tory student politicians in their 20s who are polished, though as yet unproven.

● Businessmen. A surprise to many interviewers has been the number of very successful businessmen who have applied. This includes the former managing directors of two household name consumer groups, the personnel director of a major company and at least a couple of merchant bankers.

Typically, these people have had a distinguished career, are now in their mid-to-late 50s and want to put their principles into practice. Further down the age and seniority scale there are a large number of middle managers and several self-made, energetic small businessmen.

● Professional people, often with no previous political involvement. Apart from the older professions such as the law, this group includes teachers, further education lecturers and technologists—in short, the representatives of the "New Britain." One interviewer described them as typically "worthy examples of Wilson-man (the type to which Sir Harold tried to appeal in the high-tech days of the mid-1960s), often in their late 30s, with a beard, and living in a New Town in southern England. They are the classic types alienated from the other parties."

● Women. There are a large number of potential women candidates ranging from younger women in the media, a pressure group or the public sector, to middle-aged women active in local voluntary organisations some of them of the type so fondly immortalised by the late Joyce Grenfell.

Within these categories there are no striking policy preferences. Only a minority still regard themselves as socialists and many hope that the SDP will be radical and left-of-centre, though often in rather a vague, ill-defined sort of way.

A revealing characteristic noted by a couple of interviewers is the sizeable number of candidates who are active Christians, of varying denominations. On one interpretation some of these people regard the Tories as too harsh and Labour as too secular, having lost its non-conformist tradition. The SDP has an appeal for those who do not believe in class conflict and are looking for harmony — the gospel of reconciliation. This is often linked with an internationalism and interest in Third World issues.

The interviewing is intended to weed out the obviously weak candidates, but to do no more. Consequently, many of those who get on to the panel—possibly 800 plus — will have no realistic chance of being selected. The candidates are being graded according to experience and potential but the results are being kept secret. And SDP leaders deny any intention of guiding promising candidates to particular seats. Selection will be by postal ballot by all members of an area party (generally covering a number of constituencies), and will start in the early summer.

The interviews themselves are brief, generally about 20 minutes, and conducted by three people, one or two MPs and a prominent party activist or official. Four recent interviews have been filmed by BBC2 for showing on its Newsnight programme this Friday.

Mr Bill Rodgers is shown bluntly confronting them with obvious personality features. He asks one shy young woman how she will cope with the rough and unpleasant business of campaigning. She clearly impresses by saying she is trying to gain experience of public speaking. But will they be good politicians?

The answer is a conditional yes. One former Labour MP with deep working-class roots says he has been surprised by the calibre of the medium and senior managers. Another ex-Labour MP says it is misleading to look for an ideal type of MP —"not everyone can be a David Owen or Shirley Williams." He reckons the quality is up to Parliamentary standards.

Yet some doubts remain. One shrewd interviewer who has been with the SDP from its birth is worried that some members and potential candidates "do not realise that to create the New Britain there will be pain and suffering. Many are too cushy and cosy."

He believes that if the SDP is serious about bringing new people into politics there will need to be a lot of training. He is worried about "the absence of any tradition of party loyalty without the ideological ties of the old parties" and wonders how the party and its MPs will hold together under pressure.

Ray Maughan looks at Newman Industries disposal of its ceramics division

White Knight steps into the Potteries

THE FIVE towns which make up The Potteries have found another unlikely saviour. At the beginning of 1981, it was a millionaire DIY expert, Mr David Quayle who rescued Royal Stafford China from the Receiver. Now, a City institution, United Kingdom Temperance and General Provident, is coming into The Potteries with an injection of cash which it claims "will save up to 1,000 jobs."

Through Larpent Newton, a corporate finance advisory company specialising in marrying the institutions with unquoted investments, UK Provident is helping to fund the merger of Weymek, a small private company founded eight years ago by two former executives of Staffordshire Potteries, with the ceramics division of Newman Industries.

Royal Stafford China was acquired by Maddock, another ceramics company, from a subsidiary of Newman Industries some three years ago and suffered heavy losses in the subsequent two years before heading for the Receiver.

Rationalisation

Newman Industries has not had much success with the ceramics businesses it retained. It announced yesterday that, after heavy rationalisation costs, the division lost some £1.5m before tax and interest between July and December last year after a £300,000 trading deficit in the first half. The ceramics interests, Newman said, were also a heavy cash drain on the group as a whole.

The operations Newman is putting into the merger comprise W. H. Grindley and Cartwright and Edwards as well as part of the businesses of Barker Brothers and Grindleys of Stoke.

The new holding company will be known as Federated Potteries. The chairman will be Mr Nicholas Branch, a director of Larpent Newton and the chief executive is to be Mr Trevor Jones.

Mr Jones has been responsible for the cost-cutting at Newman's ceramics division following his recruitment from Cornings' laboratory products arm in Europe. Other members of the Federated board will be Mr Ken Hilton who will develop the holloware, or beakers and mugs, side of the company. Mr Peter Stephenson will also join the board and, like Mr Hilton, helped to set Weymek up eight years ago.

Much of the recent rationalisation has taken place at Newman's Barker Brothers subsidiary. A couple of years ago, Barker appeared to offer the brightest prospects with long runs of promotional pottery for big European manufacturers such as Nestlé. With big volumes and swift payment, these contracts enabled Newman to finance its pruning. But Barker is thought to have lost about £250,000 in 1981 as Nestlé suddenly turned off the promotional tap.

Gasping for work

As Mr Nigel McLean, chief executive of Newman, says, "with so many people gasping for work, you can't dictate terms."

Newman's ceramics operations are turning over about £8m annually. One of the leading components is W. H. Grindley of Tunstall, Stoke-on-Trent, which makes earthen tableware for the household under the Royal Tudor and Grindley of Stoke brand names. Up to three-quarters of its production is exported. The vitreous chinaware is sold to the hotel and catering trade under the Granite and Alpha 27 names. It employs about 500 people.

Cartwright and Edwards has most affinity with Weymek as one of the largest volume producers of coffee mugs in the world, with around 65 per cent sold overseas.

Weymek, according to Mr Branch, made a record £150,000 profit before tax in 1979 although, given the difficulties of the ceramics industry in a time of weak demand, the record recently has not been so good. However, the merged group is expected to return to 1979 profits levels this year, allowing for further cutting back at Newman.

Federated will be backed by net assets of some £2.7m, post merger, and cash of around £500,000. Acknowledging the continuing problems of the industry, Federated is, nevertheless, going for profits of at least £500,000 by 1983 of turnover of over £11m.

For its own part, Newman is glad to be clear of an operation which both the current chairman Mr John Williams and his eventual successor, Mr McLean, have never seen as anything more than a mature operation which never provided the desired cash flow.

Despairing

"We can't sell it and we can't close it," said a despairing Mr Williams a year ago. Now, however, with the help of a £1.4m loan provided by Newman's dominant shareholder, Cycle and Carriage of Singapore, a major loss-maker has gone.

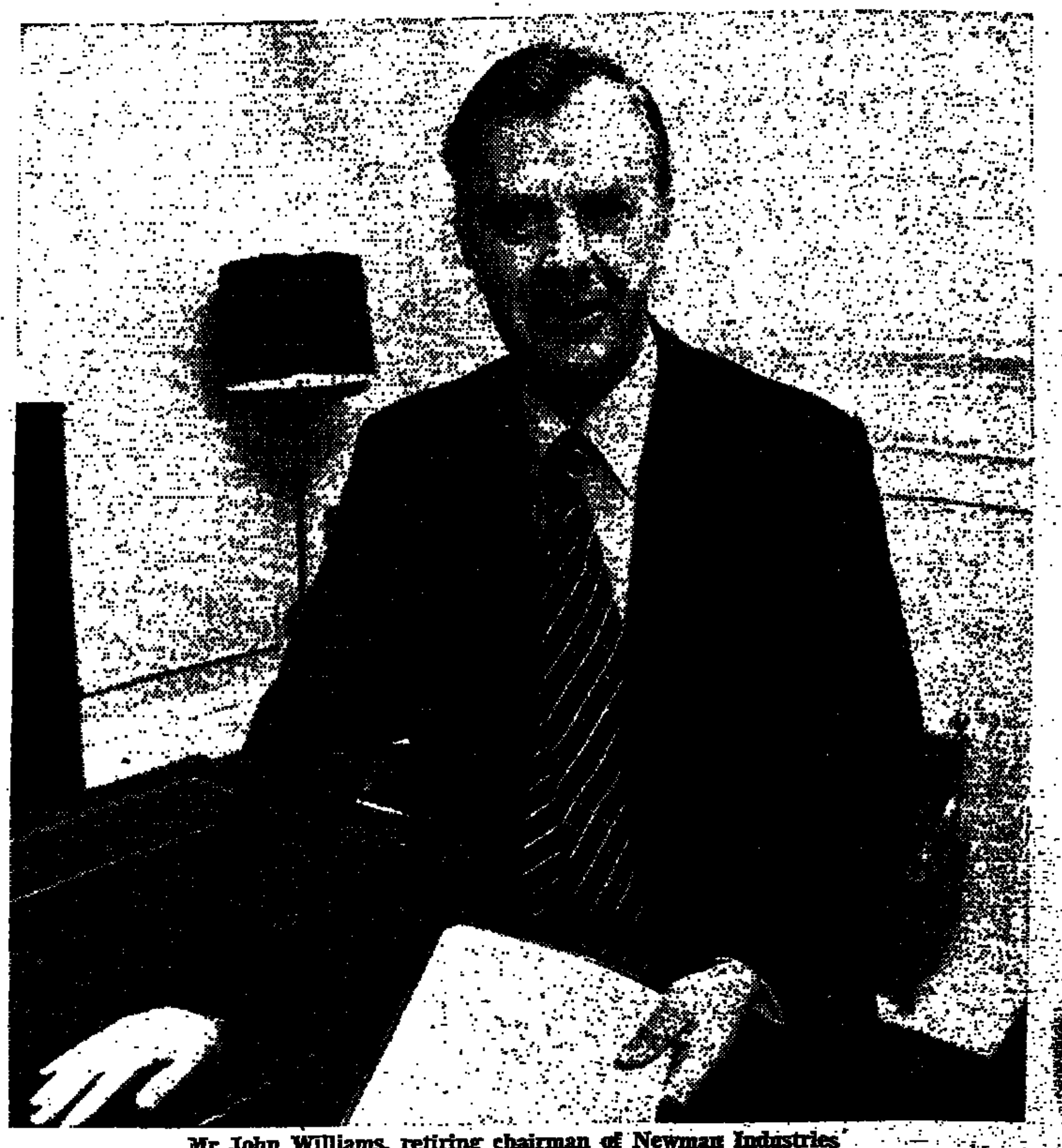
The effect of the merger will be to reduce Newman's net assets by approximately £1.5m and its borrowings by £2.4m. It estimates that the interest saving in a full year will be around £350,000.

New loans

It will transfer the whole of the share capital of the two operating companies, W. H. Grindley and Cartwright and Edwards with aggregate net assets of £500,000 to the merger. The new loans from Cycle and Carriage will be used partly to finance the transfer of £900,000 in cash, principally to provide for the payment of creditors. In addition, it will make available to Federated a three-year loan of £150,000 bearing interest at 10 per cent.

Federated's share capital will consist of 104,000 "A" ordinary shares of £1 each, 173,000 "B" ordinary shares of £1 each and 1.18m 8 per cent cumulative redeemable preference shares of £1 each.

The major shareholders of Federated, after the merger will be UK Provident with a 40 per cent stake, Newman controlling 19.1 per cent and the executive directors of Federated.



Mr John Williams, retiring chairman of Newman Industries

Manchester Ship pre-tax loss cut £0.8m

PRE-TAX losses of the Manchester Ship Canal Company have been reduced from £3.22m to £2.43m for 1981, but the figures included sharply higher voluntary severance payments of £2.4m, against £0.78m. In the last annual report, the company warned that it could not hold out any prospects of a return to profits in the year.

After a tax credit of £6,000, compared with £443,000, the net deficit came out £0.35m lower at £2.42m. With losses per £1 share shown at 64.4p (77.5p) the company is not recommending any dividend for the year—in 1980 an interim of 7.5p net was paid but the final was omitted.

Last August, when reporting a first-half 1981 loss before tax of £1.01m (£0.36m profit), the company said that despite the seamen's strike in the early part of the year, the rate of decline in its fortunes had been arrested, largely because of a reduction in the numbers on the payroll. The company was also continuing to redevelop its assets.

Operating revenue for the 12 months fell from £24.43 to £22.88m, which follows the £1.27m drop to £11.76m in the first half. Operating losses for 1981 totalled £3.78m, compared with £3.28m, struck before higher rents of £1.31m (£1.06m), a £62,000 (£23,000) surplus on land sales, but lower loan and investment income of £0.82m (£1.47m).

After interest charges reduced from £609,000 to £596,000, the loss before exceptional items was up from £1.33m to £2.18m.

These debits, totalling £243,000, against £1.88m, comprised accelerated depreciation of £65,000 (£1.33m) and the voluntary severance payments, less profits on the sale of investments of £2.22m (£0.23m).

Including tax credits, but after deducting £57,000 (£54,000) set aside for redeeming loan capital and dividends costing £422,000 in 1980, the amount transferred from general reserve decreased from £3.25m to £2.48m.

The company's principal activity is the operation of the Port of Manchester and its associated business. It operates the Manchester Ship Canal which is 35½ miles in length and extends from the River Mersey at Eastham to Manchester.

See Lex

HIGHLIGHTS

Lex looks at the proposed flotation of Amersham where the Government will be offering all the issued capital later this week to raise around £60m. There was a new tap stock yesterday, a 13¾ per cent issue dated 1987, and Lex explains the reasoning behind the timing of the offer yesterday rather than the normal Friday announcement. The column then moves on to consider the implications of the latest statement from The Times over redundancies and what it means for News. Finally Lex looks at the muddy financial position of the Manchester Ship Canal.

Home Farm Products headway

TAXABLE PROFITS of Home Farm Products increased from £396,000 to £450,000 for the half year to November 28 1981. Turnover rose from £7.12m to £7.75m and the directors say the outlook for the remainder of the financial year appears to be satisfactory.

A net interim dividend of 1.15p per 10p share will be repeated. A final of 1.75p was paid last year on profits of £667,000. Stated earnings per share were higher at 4.69p against 4.13p.

The directors anticipate that, due to substantial capital expenditure, very little tax will be payable apart from the ACT in respect of the dividends.

● comment

The reduction of unit costs resulting from the modernisation of the Gainsborough slaughterhouse has improved margins at Home Farm from a low base. The November purchase of the Bowers bacon factory gives a potential 50 per cent boost to pig handling capacity to 7,000 pigs per week. Although the company is currently operating at about three-quarters of full capacity, it will consider any opportunity for acquisitions that comes up. With only 1 to 2 per cent of the market, another major retail customer would mean a considerable impact on turnover. Profits from the four butcher's shops rose by 50 per cent, but still represents under 7 per cent of the total, and the company plans no expansion in this area. Given the day-to-day nature of trading, profits for the year are difficult to estimate precisely, but the company will be disappointed if it does not exceed the previous record of £702,567. After the results the price of this thinly-traded share dropped 1p to 65p, yielding 6.5 per cent.

Meat Trade Suppliers downturn

TAXABLE PROFITS of Meat Trade Suppliers fell from £221,060 to £132,010 in the six months to October 2 1981 on slightly higher turnover of £3.93m compared with £3.85m.

With earnings per 25p share stated lower at 2.42p (4.045p) the directors thought it prudent to reduce the interest dividend to 1.75p net (3.5p) a share. Last year a total of 7.875p was paid out of pre-tax profits of £458,564.

Mr W. C. Anstis, chairman, blames the fall in profits on the action of the EEC. He says a "deliberate and, in my opinion, wrong policy of making food scarce in order to make it expensive has had the side effect of paralysing the meat trade and our results reflect this."

After tax of £68,645 (£114,951), the net profits emerged at £63,365 (£106,109). The interim dividend will absorb £45,904.

The group's principal activities are dealing in sausage casings, wholesale meat and butchers sundries, though a large part of its income is derived from holding investments.

Heron discusses plans for ACC

BY JOHN MOORE

MR GERALD RONSON, chairman of Heron Corporation, and his advisers, Barclays Merchant Bank, yesterday met with Standard Chartered Merchant Bank, advisers to Associated Communications Corporation (ACC), the entertainments conglomerate, to discuss Heron's plans for ACC following the announcement of its £46.6m takeover bid.

Standard Chartered is reporting back to the ACC board but so far no decision has been taken on the Heron offer.

At yesterday's meeting, the Heron offer of £46.6m, which tops a rival agreed bid for the company by business interests of Mr Robert Holmes à Court, the Australian entrepreneur, by more than £10m, was not discussed in detail.

Rather, Heron, who had requested yesterday's meeting, discussed its plans for the company, how the problems of the loss-making film production side would be dealt with, plans for staffing, and the future management of ACC.

Informal talks are likely to continue between both sides throughout the week. So far the discussions have not involved Hoare Govett, advisers to The Bell Group, Mr Holmes à Court's master company through which he is making his £36m bid.

Mr Ronson said last night: "I would be happy to meet senior executives of ACC to discuss our plans further and to put their minds at rest." He described yesterday's meeting as "positive" and added: "They have got plenty to think about."

Hoare Govett could give no indication last night when the offer document detailing the The Bell bid would be sent out.

Mr Holmes à Court is in Australia and it is not certain when he will return to the UK, although he is expected before next Monday's appeal court hearings of Heron's legal action launched to stop ACC directors transferring shares representing nearly 64 per cent of the voting capital to Mr Holmes à Court.

More bids and deals, Page 20

Prudential Pensions property fund growth

TOTAL FUNDS managed by Prudential Pensions, the managed fund subsidiary of Prudential Assurance Company, climbed by over £170m to £890m in the 12 months to December 16 1981.

The strongest growth took place in the Property Fund which rose £70m to £335.6m, with the unit price rising 13.6 per cent over the year. The property portfolio accounted for 81.4 per cent of the fund with another 11.9 per cent of the fund in committed cash.

The other fund showing strong growth was the International Fund which was started as a separate fund in April 1981 with a value of £50m. Previously, overseas equities were held in the main equity fund. By December, it had grown to £92m, reflecting the strong demand last year by pension fund clients for overseas investment. The unit price rose 9.1 per cent since April.

The growth in the Equity Fund was held back by hiving off the overseas stocks. Nevertheless, it rose by over £36m, despite a unit price fall of nearly 5 per cent over the year. The Fixed Interest Fund fell by £25m to £156m, with a 1.6 per cent rise in the unit offer price.

The managers of Prudential Pensions are advising clients to maintain their current portfolio holdings at the present rates of 42.5 per cent in UK equities, 10 per cent in overseas equities, 22.5 per cent in fixed interest and 25 per cent in property.

Sperrings sells 25 stores to Martin Newsagent

Sperrings has agreed to sell 25 of its stores to Martin, the newsagent—for £3.5m plus stock at valuation in cash. No freeholds are included.

Directors of Martin say it forms part of a planned expansion programme to add to the established chain of 482 outlets. Geographically, they add, the Sperring's stores are ideally situated for Martin's plans.

The price will be financed by a medium-term loan.

The directors say that without the benefit of the Christmas trade, the acquisitions are expected to contribute only modestly in this financial year. However, they add, they are expected to make a satisfactory contribution towards Martin's profits in future years.

Directors of Sperring point out that the sales add to the company's financial resources to establish itself as a national market leader in retailing. The sales also leave the company with capital and reserves in excess of £4m and gives it a platform for rapid expansion of the group.

They add that £5m is earmarked for the expansion of newsmarkets through to 1985 and that sales are approaching £20m.

SPAIN

February 5	Price %	+ or −
Banco Bilbao	338	
Banco Central	359	+4
Banco Exterior	321	
Banco Hispano	323	
Banco Ind. Cat.	115	
Banco Santander	359	
Banco Urquijo	228	+2
Banco Vizcaya	386	+9
Banco Zaragoza	235	+1
Dragados	173	+1
Espanola Zinc	62	+2
Fecsa	62.5	+0.3
Gal. Preciados	44	+1
Hidrola	67.5	
Iberduero	52.5	−1
Petroleos	100.5	+0.8
Petroliber	96	
Sogefisa	20	
Telefonica	74	+1.5
Union Elect.	66.7	+0.2

BRITISH AMERICAN

Pre-tax revenue of British American and General Trust fell from £2.08m to £2.06m for 1981. In our report on February 6 it was inadvertently stated that pre-tax revenue was £199,539.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Samuel Heath ......int	nil	—	nil	—	19
Home Farm Products int	1.15	May 14	1.15	—	2.9
Lancs. and London Inv.	2.88	March 5	2.63	2.88	2.63
Manchester Ship	nil	—	nil	nil	7.5
Murray Western Trust	1.9	Apr. 5	1.8	2.5	2.3
Murray Western Tst. int.	0.6	Aug. 27	0.6	—	2.5
Meat Trade Supplies int	1.75	March 25	3.5	—	7.88
UC Investments	115***	Apr. 2	105	160	150

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ** South African cents throughout.

THE TRING HALL USM INDEX
118.5 (−0.1)
close of business 8/2/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

LADBROKE INDEX
Close 567-572 (−9)

RESULTS AND ACCOUNTS IN BRIEF

SCOTTISH ICE RINK (1928)—For year ended September 30 1981. Pre-tax loss £32,090 (£13,927 profit). Loss after tax £27,785 (£9,862 profit). Earnings per share, nil (21.89p). One-for-two scrip issue is proposed.

CAPITAL RESERVE FUND — Net revenue for period July 1 to December 31, 1981 was £15,039 (£24,115). No interim (same). Earnings per share 1.5904p (2.2761p).

DUNBAR GROUP (banking and investment management)—Results for year to December 31 1981 reported January 28. Shareholders' funds £2.66m (£1.99m). Current assets £22.02m (£14.11m). Current liabilities £20.1m (£12.81m). Increase in working capital £821,191 (£586,776). Meeting, Cavendish Hotel, SW, March 2, 11.45 am.

MALAYSIA RUBBER (holds investments mainly in plantation companies in Peninsular Malaysia)—Results for the nine months to December 31 1981: net revenue £38,477 (£36,590); dividends from associated companies £21,429 (same); tax £17,372 (£17,106); stated earnings per 10p share 2.26p (2.22p); net asset value per share 190.73p (189.57p). Figures exclude results of Kinta Kellas Rubber Estates and Dornel Investments for periods concerned except their dividends declared by Kinta Kellas to February 4 1982 included. Dornel Investments' profit after tax for the six months to September 30 1981 were £1,301 (£7,891) and for the year ending March 31 1982 on the basis of present rentals, are estimated at £8,245 (£12,698). Malaysia Rubber's half share of profit would be £3,123. Outstanding loan to Dornel is £95,500.

Caution at Samuel Heath after first half advance

AS forecast by the directors in the annual report, Samuel Heath and Sons improved its profits in the first half. Pre-tax figures improved by £200,000 to £384,000, and turnover was up from £1.62m to £2.08m in the six months to September 30 1981.

This Birmingham manufacturer of brass and other metal products is again not paying an interim dividend—last year's single payment was 19p net (17.5p).

Commenting on the improved figures for the first half, the directors say the upturn is not going to continue in the second half because the Nigerian market has again slipped into recession, and this could be for a long period, so far as the company is concerned.

Parts of the main factory are working a two-and-a-half day week. However, they say other sections of the business are performing satisfactorily, including Dartmouth Pottery, which is expanding and trading profitably.

They say second half figures should not be less than those of the comparable period last year when pre-tax profits were £226,000 (same).

First half tax was considerably higher at £189,000 compared with £85,000.

'Moderate optimism' at ASL

THERE are grounds for moderate optimism at Associated Sprayers, says Mr R. W. Beney, the chairman, in his annual review. Although he says the market place seems little different now from what it was a year ago, he observes a relatively stronger order book with a better balance of products.

He adds: "Provided that the garden market—which is, to a degree, always dependent on the weather—is no worse than last year, there are grounds for moderate optimism."

It seems certain, he says, that the group, which manufactures garden and household sprayers and clothes drying aids, will be waiting until 1983 before any strong revival in consumer demand is seen.

As reported on December 12 1981, pre-tax profits fell from £426,229 to £228,542 in the year to August 31 1981.

Since the year-end proposals have been approved by shareholders for the acquisition of Tri-Flon UK, which holds the UK rights for the lubricant Tri-Flon. He says the board has high hopes of this venture.

During the last three years the group has spent about £100,000 in computerisation. Referring to this for the first time in an annual report, Mr Beney says many of the company's activities are now converted, and the benefit can be seen, not merely in the speed and accuracy of reports and controls, but also in the growing ability to model and forecast future results. More than £60,000 has been spent on programming.

At the year-end, shareholders' funds stood at £3.73m (£3.87m). Fixed assets were £3.52m (£2.83m), and net current assets were £1.42m (£1.09m). There was a reduction of £120,923 (£102,065) in bank balances and cash.

Meeting, Birmingham, March 2, at noon.

Y. J. Lovell Holdings sees hard year ahead

THE CURRENT financial year of Y. J. Lovell (Holdings) has started well, according to Sir Peter Trench, chairman, in his annual statement, but he predicts that 1982 will be hard going. "Those who believe that the construction industry might be used as a vehicle for reflating the economy are likely to be disappointed," says Sir Peter.

As reported on January 22, pre-tax profits moved up from £2.88m to £3.19m for the year to September 30 1981 on turnover slightly down from £138.97m to £137.11m. A rights issue to raise £3.6m was announced on February 4.

In the face of a 12 per cent fall-off in work available to the industry in 1981, compared with the previous year, the directors feel the construction division did well to achieve turnover of £88.8m (£94.9m) and produce record profits from slim margins. This was accompanied by a positive cash flow which more than off-set increases in working capital needs elsewhere in the group, they say.

The level of the division's current forward order book for 1982 is satisfactory, and there is confidence that the contribution from the construction division can be maintained.

The turnover for residential, industrial and commercial developments moved ahead from £26.2m to £34.1m and the directors say the residential division has continued its consistent progress in the number of houses sold and in profitability. They add that the group's housing companies are well positioned to take advantage of any increase in demand for home ownership.

The over-supply of industrial space in most parts of the country had its effect on the industrial and commercial division and resulted in a reduction in the number of projects undertaken.

The directors point out that group net rental income is now running at more than £1m a year.

The deterioration in trading conditions reported last year in the plant hire division worsened through 1981. Turnover fell from £12.2m to £10.3m, falling short of its anticipated revenue for the year by nearly 25 per cent, say the directors. Cutbacks were made early in 1981 and they report that Lovell Plant Hire is now geared to harsher market conditions. They are confident that the losses of last year will be substantially reduced in 1982.

Fixed assets were shown as moving up from £19.67m to £21.47m. Net current assets were slightly lower at £10.16m, against £12.16m last time. Shareholders' funds amounted to £27.77m (£25.53m). The movement in working capital went from an increase of £2.91m to a decrease of £293,000.

Meeting: Portman Hotel, W, March 17, 11.30 am.

GRE U.S. expansion of life business

THE Guardian Royal Exchange Assurance, a major UK composite insurance group, is expanding its life insurance operations into the U.S.

Its Canadian life subsidiary, Montreal Life Insurance Company, has been currently admitted to transact life business in Illinois, Michigan and Wisconsin, and is seeking admission into a number of other states. Its chief office in the U.S. is located in the Chicago suburb of Itasca.

Montreal Life will operate in the U.S. through professional independent life insurance agents and brokers, marketing a portfolio of consumer orientated products with emphasis on term and annuity contracts.

GRE has been expanding its non-life operations in the U.S. in recent years, through the acquisition of existing companies. These U.S. operations are concentrated in the Mid-West of the country and have proved to be profitable in a market that has been running high losses. An underwriting profit of £2.3m was recorded in 1980 on a premium income of £46m—about 6 per cent of total premium income.

UK life companies until recently have done very little life business in the U.S.—the world's largest life market. Premium income in 1980 from the U.S. for all UK life companies amounted to less than £67m. But last year, Legal and General Group made a strong move into the U.S. market through acquiring an existing life company.

ICI's Canadian arm improves at year-end

The main Canadian arm of ICI, CIL, earned Can$54.3m or $4.69 per share in 1981 against $51.4m or $4.60, excluding special items, in 1980. Sales were $1.15bn compared with $1bn.

The major gains came in industrial chemicals explosive, mining equipment and speciality chemicals. However, the directors say most areas of the business slowed in the latter part of the year due to the recession. The downturn in Canada will persist well into 1982 and could impact adversely on earnings, they say.

For the full year, CIL expects a modest increase in sales and earnings.

19 companies wound-up

COMPULSORY winding up orders against 19 companies were made by Mr Justice Slade in the High Court yesterday. They were: Debhouse, ICS Impact Computer Services, Mutedata, Spanair.

Alan Kindon and Sons, John Pierce (Aviation), Amblebrooks, The Pan Club, W. B. Hindley (Roofing), Glendale Vehicle Repairs.

Tom Harty (Meats) Company, Luddington House Music Publishing Management, Delthorn, Strutt Electrical and Mechanical Engineering.

Abingheath (Insurance Brokers), J. V. Pugh (Hygiene Engineering Consultants), H. Hoare and Son, Wood and Cooper; and Saunders (Tarpaulins).

DRAYTON FAR EASTN.

At Drayton Far Eastern Trust, the net asset value per 25p share improved from 79p to 88.5p for 1981.

Substantial overseas commitment by SGB

SUBSTANTIAL funds have been committed by SGB Group to both the United States and Australia. In his annual statement, Mr N. L. Clifford-Jones, the chairman, emphasises that it is largely because of overseas subsidiaries and joint ventures that the group has been able to stimulate and multiply direct exports.

As known, the group suffered a major downturn for the first time in its recent history when pre-tax profits fell from £16.28m to £12.52m in the year to September 26, 1981.

Apart from the recession, Mr Clifford-Jones, says there were other contributing factors to the downturn. The building equipment division, which primarily hires and sells equipment to contractors, has been affected by the increasing use of sub-contractors. This helped the scaffolding contracts division, but had an adverse effect on the building equipment division.

The effect of a fortnight's holiday at Christmas and the week's holiday at Easter makes it difficult to remain profitable during the months affected, he says.

An important contribution to group profit comes from the Youngman Group from the sale of mobile heaters, but this section has suffered following two mild winters.

He also says the plant hire industry is in a very poor trading condition as a result of a substantial surplus of plant on the market and declining utilisation. Rates would need to be increased by up to 50 per cent to give a real return on investment. It will take some time before these conditions change, he says.

On the brighter side, he says some overseas operations have done extremely well with excellent results in South Africa, Saudi Arabia, and in direct exports by SGB Export. In Europe, where the main thrust of the group's activities is in Holland, the situation is similar to that in the UK, however, the costs of redundancies which have been inevitable are very much higher.

He says that if the home construction industry is to remain stagnant in the immediate future, it will be necessary for the group to direct resources of both staff and finance into markets which promise better growth.

Shareholders' funds at the year-end advanced from £58.51m to £63.95m. Fixed assets were slightly lower at £30.48m compared with £31.72m, but net current assets were higher at £46.42m (£44.04m). Short-term loans and overdrafts were £5.84m (£10.2m).

Meeting: Waldorf Hotel, WC, on March 9, at 11.30 am.

NOTICE TO HOLDERS OF

ORIENT FINANCE Co., Ltd.

(KABUSHIKI KAISHA ORIENT FINANCE)

8% Sterling/U.S. Dollar Payable Convertible Bonds due 1995

Pursuant to Clause 7(D) of the Trust Deed dated the 22nd August, 1980, notice is hereby given as follows:

1. An issue of 18,000,000 Shares of the Company was made on 3rd February, 1982 at an issue price of Yen 1,410 per Share.
2. As a result of such issue the Conversion Price at which the above-mentioned Bonds may be converted will be adjusted, in accordance with Condition 5(c) (v) of the Terms and Conditions of the said Bonds, effective as of 3rd February, 1982 Japan time, from Yen 803.80 per Share to Yen 795.20 per Share.

ORIENT FINANCE CO., LTD.
by: The Daiwa Bank Limited
as Principal Paying Agent

Dated: 9th February, 1982.

BIDS AND DEALS

Sangers in U.S. option

MR TOM WHYTE, the Bermuda-based financier who built up a 23.8 per cent shareholding in Sangers in the past six months, wants the loss-making pharmaceutical group to acquire a U.S.-based investment brokerage business for a consideration believed to be about £12m.

Mr Whyte said yesterday that an option to purchase had been taken on the deal. He said he was prepared to underwrite a quarter of the purchase price in the form of a deposit, ahead of Sangers shareholders' approval of the acquisition. Mr Whyte stressed that he was receiving no fee or commission for introducing the U.S. company to Sangers.

At a board meeting today it will be proposed that Mr Whyte—former head of the collapsed Triumph Investment Trust—join the board in a non-executive capacity. Mr Whyte said "it was expected of me to join the board." But he said that as he was in the UK for only 90 days a year he did not want to take on the responsibility of chairman or executive director.

At the group's board meeting the directors will also discuss the future direction of the company, including the position of the group's pharmaceutical wholesale business for which it has received a number of approaches.

When Mr Whyte and his associates revealed their initial stake in Sangers last July Mr Whyte said that the shares had been acquired purely as an investment. A month later Sangers sold its optical business to Dollond and Aitchison, a subsidiary of Gallaher the U.S. controlled tobacco group, for £5.7m.

Mr Whyte was critical of this sale and has since become disillusioned with the group's pharmaceutical business as losses continued.

Last month Mr Whyte was instrumental in making two appointments to the Sangers board. The newcomers were Mr Bryan Flinn, a management consultant who specialises in asset recoveries, and Mr Philip Saul, a commercial lawyer who was one of Mr Whyte's former colleagues in Triumph Investment Trust.

At the same time Mr Peter Viggers (non-executive deputy chairman) and Mr Frank Goulding resigned. A few days later it was announced that Mr Crawford Graham, chief executive, and Mr David Smith, head of the group's pharmaceutical division, had also resigned.

Mr Flinn said yesterday that "some interest" had been expressed by a number of parties in acquiring parts of the pharmaceutical business, but none in acquiring the whole business. It is understood that Unichem (a subsidiary of the Co-operative Society) approached Sangers with a proposal to buy all the group's pharmaceutical stock and a couple of the group's 14 branches, but this was rejected by Sangers.

Sangers has made no firm decision to sell the business but Mr Flinn said he was prepared to "listen to people."

Tilling in £1.75m furniture deal

REST ASSURED, a wholly-owned subsidiary of Thomas Tilling, has acquired for £1.75m in cash, the entire share capital of Limelight Furniture and the business of Bridgecraft Furniture.

Rest Assured, which was acquired by Tilling in 1969, makes, bedding and upholstery in the UK, with sales for 1980 of £21m. It has manufacturing facilities in Northamptonshire, Leicestershire, West Yorkshire and South Wales.

Limelight, based in Wembley, is being purchased from the Bowater Corporation. The company manufactures built-in bedroom furniture sold in stores throughout the country under the brand name "Space-Fitta."

Bridgecraft makes traditional upholstered and cabinet furniture and has factories in Leeds and at Killingworth, near Newcastle. The business is being purchased from the receivers, who were appointed last October by bankers to the PMA Holdings Group.

The acquisition of Limelight will broaden Rest Assured's existing ranges of bedroom furniture, while Bridgecraft's products will enable it to develop further in the market for traditional furniture. Rest Assured's subsidiary, William Lawrence, makes quality furniture and woodwork in Nottinghamshire.

Mr Michael Murray, the managing director of Rest Assured, will become the chairman, both of Limelight and of the new subsidiary which will own the business of Bridgecraft.

For the six months to June 30 1981, Thomas Tilling reported group sales of £923m and pre-tax profits of £31.7m.

Acceptances for Normand Electrical

ACCEPTANCES OF the offer by *P. C. Henderson Group* for Normand Electrical Holdings were received by February 8, 1982 at 4.00 pm, in respect of 4,548,719 ordinary shares representing 50.54 per cent of the share capital.

Before the offer P. C. Henderson held no Normand Electrical shares and has not acquired or agreed to acquire any since then.

The first closing date of the offers is March 1, 1982, at 3.00 pm.

FSP AND EDL

FSP (Filtration and Separation Products) the Sussex-based industrial filtration company has merged with Engineering Developments (EDL) of Farnborough, Hampshire, which makes shrinkwrapping and other packaging machinery.

The £1.6m deal was arranged with financial backing from the *Charterhouse Group*, which says the new group will have a turnover of about £4m produced in its design and manufacturing facilities at Farnborough, Billingshurst, Barnstaple and Congleton.

The companies will continue to trade independently with Mr Ben Hawkins, one of FSP's founders, becoming managing director of EDL leaving his fellow founder, Mr Michael McNamara, as managing director of FSP. Mr John Sandford, founder of EDL, maintains his connection as a consultant and Mr Richard Duncan of Charterhouse becomes chairman of the new group.

BEN WILLIAMS

There has been a temporary suspension of the listing of Ben Williams at the company's request pending publication of an announcement.

£4m buy-out of Foseco division

THE BUILDING products and speciality chemicals group Foseco Minsep has disposed of its CCL Group subsidiaries in a £4m management buy-out.

The purchasers of the group—five directors and a number of middle managers — have been advised by M. J. H. Nightingale, the City investment services group, which is now in the process of raising equity finance for the new company through a placing of unlisted securities with City institutional investors.

The CCL Group is a mechanical construction group which specialises in pre-stressing and reinforcing concrete. Sales and pre-tax profits for 1981 are estimated at £9.9m and £625,000 respectively.

Foseco itself last year approached the management team under chairman Mr Ivan Worthington, whose father founded the CCL business in 1935. The team has invested £160,000 in £1 ordinary shares, giving it an initial equity interest of 26 per cent.

Another 190,000 £1 ordinary shares are being distributed by M. J. H. Nightingale, along with 1.25m £1 convertible preferred shares *carrying an 11 per cent* cumulative dividend. These two categories will account on day one for the remaining 74 per cent of the equity.

The preferred shares will be convertible from 1985 to 1992 according to a profit-linked formula and could reduce the management's equity stake to as little as 13 per cent.

Equity capital of £1.6m in total has been complemented by a medium-term loan of £1m from the Midland Bank and an unsecured loan of £700,000 from the vendor repayable in 1987-80. The rest of the purchase price—£700,000—has been met by a dividend payment to Foseco which has already been paid. Foseco has in addition agreed to meet up to £200,000 of the transaction's costs.

Receivers sell last of Brocks Grp. for £1m

THE LAST business of the Brocks Group to be hold out of receivership has been acquired by two directors in a management buy-out worth about £1m.

The marine electronics subsidiary, Electronics Laboratories, has been hived down with a workforce of about 100 and assets value in the books at about £4m into a new company to be called Seafarer Navigation International.

The purchasing team comprises Mr Mike Sykes, formerly the research and technical director, Mr Bob Spink, formerly a consultant to th eBrocks group, and Mr Colin Minor, a long-time friend and associate of Mr Spink.

These three have acquired a 70 per cent interest in the company. County Bank holds the remaining 30 per cent. The two parties together have invested equity capital of £200,000.

British Car Auctions 'has 6.5% of Dorada Holdings'

THE MOTOR dealing group headed by Mr David Wickins, British Car Auction, has disclosed a 6.5 per cent equity stake in Dorada Holdings, the motor vehicle distribution and engineering business which last year omitted its interim dividend and is expected to show a loss for 1981.

Mr E. L. Plumridge, BCA's company secretary, said a holding of just under 5 per cent had been built up over about the last eight months. Last week, additional purchases in the market at about 38p per share pushed the stake up to 6.5 per cent.

"What we are going to do, we haven't decided yet," said Mr Plumridge. "We have fingers in a number of pies — including a holding of about 10 per cent in Black and Edgington (the leisure equipment manufacturers) — and we are using a surplus cash position to build up our small portfolio."

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Amstrad Consumer Electronics, Cruoch Group, Guildhall Property, A. J. Worthington.

Finals: Aaronson Broters, Crescent Japan Investment Trust, Crest Nicholson, Ladies Pride Outerwear, Donald Macpherson, New Tokyo Investment Trust.

FUTURE DATES

Interims:—

Dalgety	Feb 16
Reliance Knitwear	Feb 18
Second Alliance Trust	Feb 12
Watsham's	Feb 19

Finals:—

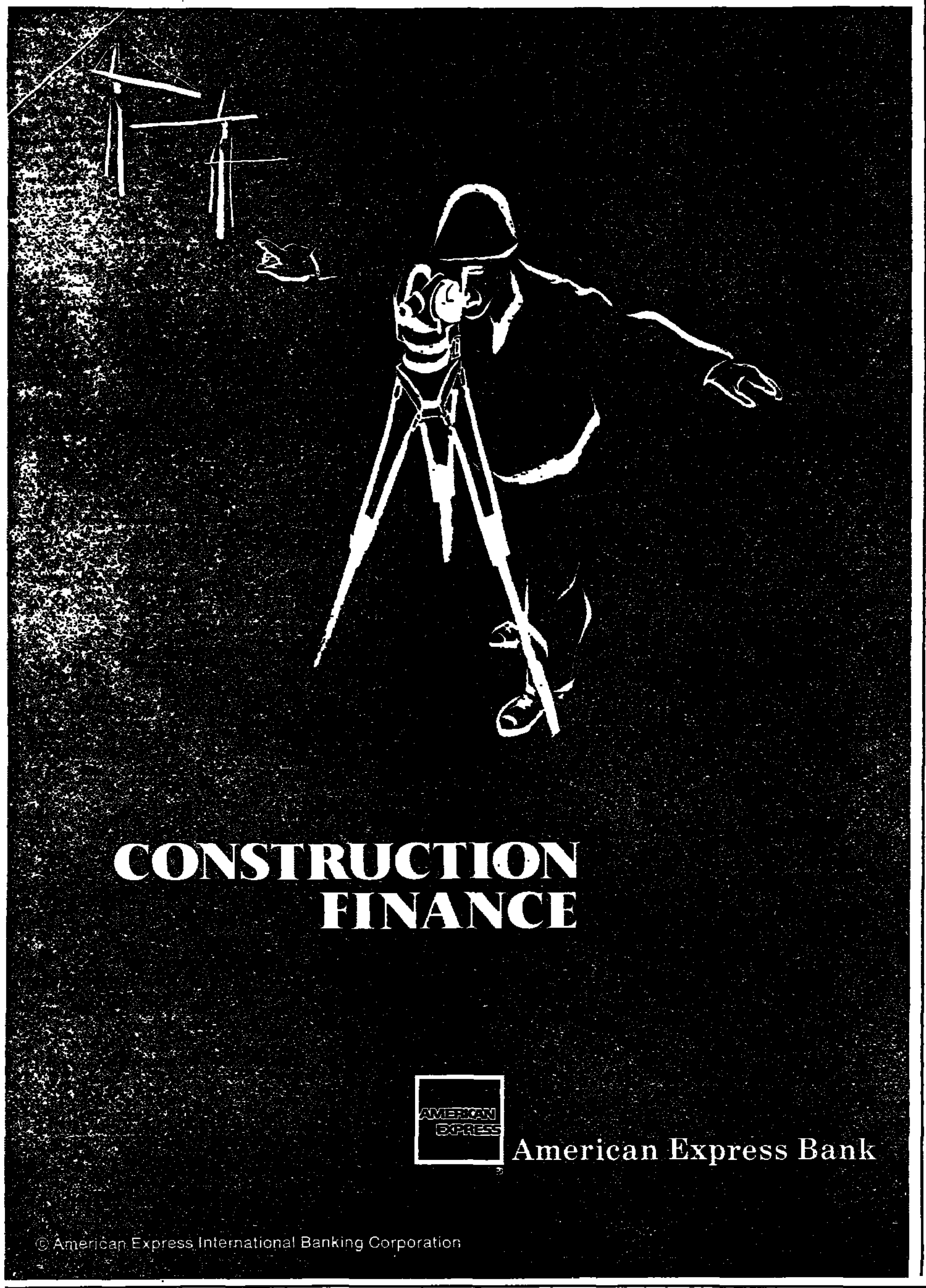
Bank Leumi (UK)	Feb 15
Barclays Bank	Mar 1
Drake and Scull	Feb 15
First Scottish American Trust	Feb 23
Ford (Martin)	Feb 11
General Funds Investment Trust	Feb 11
Hedland (John)	Feb 17
St Andrew Trust	Feb 25
TACE	Feb 19
Ward Holdings	Feb 25
W Coast & Texas Reg Inv Tst	Feb 15

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$400	—	—	15	16	—	—	$379
GOLD C	$450	—	—	3	6	—	—	"
GOLD P	$350	—	—	6	6.50	—	—	"
GOLD P	$375	2	4	105	13	3	20	"
GOLD P	$400	6	18	—	—	—	—	"
12¾ NL 81 87-91								
C	F.105	5	2.50	—	—	—	—	—
P	F.107.50	4	0.50	—	—	—	—	"
		April		July		Oct.		
AKZO C	F.25	188	3	7	3.70	—	—	F.27.60
AKZO C	F.27.50	319	1.10	557	1.90	113	2.20	"
AKZO P	F.27.50	42	0.90	9	1.30	10	1.40	"
AMRO C	F.50	15	1	—	—	8	2.50	F.47
KODA C	$70	10	7	—	—	—	—	"
HEIN C	F.50	10	4.50	—	—	—	—	F.53.80
HEIN C	F.55	12	1.30	17	2.50	—	—	"
HOOG C	F.15	65	3.40	—	—	—	—	F.17.40
HOOG C	F.17.50	—	—	6	1.70	65	2.50	"
HOOG C	F.20	34	0.20	—	—	—	—	"
HOOG P	F.17.50	—	—	20	1.10	—	—	"
IBM C	$65	6	2	—	—	—	—	"
KLM C	F.80	8	9.50	—	—	—	—	F.86.50
KLM C	F.90	39	4.10	—	—	—	—	"
KLM C	F.100	73	1.80	11	4	10	6.80	"
KLM C	F.110	23	0.90	—	—	—	—	"
KLM C	F.120	36	0.30	—	—	—	—	"
KLM P	F.80	33	1.70	—	—	13	3.60	"
KLM P	F.90	24	6.40 B	—	—	10	8.80	"
NEDL C	F.140	8	1.60	18	3.20	—	—	F.130.80
NEDL P	F.130	21	2.80	77	6.50	8	8.90	"
NEDL P	F.140	31	9.60 B	—	—	—	—	"
PHIL C	F17.50	—	—	25	6.30	—	—	F.23.60
PHIL C	F.20	196	3.90	115	4.10	—	—	"
PHIL C	F.22.50	249	1.70	58	2.10	22	2.50	"
PHIL Z	F.25	253	0.60	319	1	184	1.30	"
PHIL P	F.22.50	8	0.50	20	0.60	130	0.90	"
PHIL P	F.25	49	1.70	—	—	—	—	"
RD C	F.80	24	4.60	11	6	—	—	F.81.40
RD C	F.90	83	1.10	19	2.20	7	3.40	"
RD C	F.100	11	0.20	—	—	—	—	"
RD P	F.80	724	2	7	3.78	—	—	"
UNIL C	F.160	34	3.90	20	5	10	6.50	F.158
UNIL C	F.170	25	0.80	—	—	—	—	"
UNIL P	F.150	20	0.80	—	—	—	—	"
		Feb.		May		June		
VW C	DM.160	—	—	25	2.50	—	—	DM.145.40

TOTAL VOLUME IN CONTRACTS: 4625

A=Asked B=Bid C=Call P=Put



LONDON TRADED OPTIONS

Feb. 8 Total Contracts 1,791. Calls 1,667. Puts 124.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	300	12	3	22	2	30	—	292p
BP (c)	330	5	20	10	—	20	—	"
BP (c)	360	4	—	6	20	—	—	"
BP (p)	300	24	1	30	—	36	—	"
CU (c)	130	12	—	17	4	25	—	134p
Cons. Gld (c)	460	37	—	52	—	60	2	479p
Cons. Gld (c)	500	15	6	34	—	40	1	"
Cons. Gld (p)	460	17	1	23	—	35	—	"
Cons. Gld (p)	500	40	5	52	—	54	—	"
Ctlds. (c)	60	23	17	26	—	—	—	80p
Ctlds. (c)	70	13	1	16	—	21	2	"
Ctlds. (c)	80	7	32	9	54	12	—	"
GEC (c)	850	27½	6	52	—	65	—	832p
GEC (p)	800	20	30	30	—	54	—	"
Gr'd Met. (c)	180	23	18	31	—	36	—	199p
Gr'd Met. (c)	200	9	10	15	—	21	—	"
Gr'd Met. (c)	220	4	2	—	—	—	—	"
Gr'd Met. (p)	180	5	—	8	25	12	—	"
Gr'd Met. (p)	200	11	10	16	—	18	—	"
ICI (c)	300	42	28	52	—	60	—	340p
ICI (c)	330	22	7	29	4	40	—	"
ICI (c)	360	9	15	17	—	23	3	"
ICI (p)	300	6	2	12	—	14	—	"
ICI (p)	360	36	10	40	—	44	—	"
Land Sec. (c)	330	7	38	13	—	21	—	300p
Mks & Sp. (c)	130	13	5	19	—	26	5	140p
Mks & Sp. (c)	140	7	5	10	—	17½	—	"
Mks. & Sp. (c)	160	3	—	5	108	9	—	"
Shell (c)	420	4	—	10	24	—	—	370p
Shell (p)	420	54	—	60	6	—	—	"
		February		May		August		
Barclays (c)	420	52	—	58	—	73	5	468p
Barclays (c)	460	13	—	30	—	47	5	"
Imperial (c)	60	20	130	20½	1	22	48	80p
Imperial (c)	70	10	248	11	61	15½	20	"
Imperial (c)	80	3½	440	4½	45	8½	40	"
Imperial (p)	80	5½	3	6½	10	7	—	"
Lasmo (c)	360	10	—	32	12	54	—	349p
Lasmo (c)	390	3	—	20	5	35	—	"
Lasmo (c)	420	2	—	13	5	24	—	"
Lonrho (c)	70	16	13	17	—	18	—	85p
Lonrho (c)	80	6½	16	8	—	9	—	"
Lonrho (c)	90	1¼	120	4	—	5½	—	"
Lonrho (p)	90	7	1	10½	10	12½	—	"
Racal (c)	390	8	1	23	—	38	—	380p
Racal (p)	360	3	—	10	2	15	—	"
Racal (p)	390	17	—	25	7	30	—	"
RTZ (c)	420	42	2	57	—	77	—	459p
RTZ (c)	460	14	1	37	—	47	—	"
Vaal Rfs. (c)	60	4⅝	25	6¼	—	[illegible]	—	[illegible]
Vaal Rfs. (c)	70	½	—	3	2	—	—	"
Vaal Rfs. (p)	60	3¾	1	5	—	—	—	"

C=Call P=Put

APPOINTMENTS

A leading international investment group has the following vacancies based in London:

Investment Banker

To work on a wide variety of investment banking transactions in Euro-currency markets—public bond issues, private placements, syndicated bank loans, money market instruments—originating in Asia/Pacific region. Knowledge of business practice relating to one or more financial centres in Asia, fluency in English and Chinese, education to Masters degree in business/finance are required. Age 25-30. Salary circa £15,000. Usual fringe benefits.

Account Executive

To develop European and Middle Eastern business. Must be NYSE and CFTC registered, be familiar with U.S. regulatory bodies' policies and procedures with some U.S. brokerage experience. Fluency in English, Persian and two European languages, education to Masters degree in business/finance. Age 25-30. Basic salary £9,500. Usual fringe benefits.

Please write, enclosing full c.v., to Box A.7759 Financial Times, 10 Cannon Street, EC4P 4BY

COMPANY NOTICES

SUMITOMO FINANCE (ASIA) LIMITED

US$30,000,000 GUARANTEED FLOATING RATE NOTES 1988

For the six months from 8th February 1982 to 9th August 1982 the notes will carry an interest rate of 16 per cent per annum. The interest payable on the relevant payment date 9th August 1982 against Coupon No. 2 will be US$808.89 per US$10,000 note.

AGENT BANK CHEMICAL BANK LONDON

GOLD FIELDS GROUP
DECLARATION OF DIVIDENDS—UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the Standard Conditions relating to the payment of the dividends declared by the undermentioned companies on 20 January, 1982, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R1.827271 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 8 February 1982 as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends are therefore as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Dividend No.	Amount per share
New Witwatersrand Gold Exploration Company, Limited	62	9.85076p
Vogelstruisbult Metal Holdings Limited	70	6.01981p

London Office:
49 Moorgate,
London EC2R 6BQ.
United Kingdom Registrar:
Close Registrars Limited,
803, High Road,
Leyton,
London E10 7AA.
8 February 1982.

By Order of the Boards.
C. E. WENNER.
London Secretary.

BANQUE EXTERIEURE D'ALGERIE

US$35,000,000
FLOATING RATE NOTES DUE 1984

In accordance with the provisions of the Reference Agency Agreement between Banque Exterieure d'Algerie and Citibank, N.A., dated as of August 7, 1978, notice is hereby given that the Rate of Interest has been fixed at 16 7/16%, and that the Coupon Amount payable on August 9, 1982, against Coupon No. 8 will be U.S.$82.64, and that such amount has been computed on the actual number of days elapsed (181) divided by 360.

By: CITIBANK, N.A., London, Reference Agent.

February 9, 1982.

CITY OF COPENHAGEN
U.S.$25,000,000 6½% 20 YEAR EIGHTH CENTENARY LOAN OF 1967

Bondholders of the above loan are advised that the Redemption due the 15th April, 1982, i.e. U.S.$1,250,000 nominal has been effected by purchase.

The outstanding balance after the redemption is U.S.$6,250,000 nominal.

HAMBROS BANK LIMITED
9th February, 1982.

PUBLIC NOTICE

THE CITY OF EDINBURGH DISTRICT COUNCIL

Bills £900,000. Bills from 5.2.82 to 7.5.82 at 13 7/16%. Applications £3.6m. £5.9m outstanding.

UK COMPANY NEWS

MINING NEWS

'Johnnies' gold income falls in first half

BY KENNETH MARSTON, MINING EDITOR

FOLLOWING THE record performance achieved in the year to last June, quieter times have come to Johannesburg Consolidated Investment ("Johnnies").

Even so, the South African mining and industrial group has put up a creditable performance with a net profit for the six months to December 31 of R48.6m (£28.7m) which operates with R53.1m a year ago.

The latest half-year profit is equal to 672 cents (369p) per share. "Johnnies" has already declared an unchanged interim of 130 cents. The total for 1980-81 was 600 cents.

In the year to last June the major sources of investment income were: gold 18.4 per cent, diamonds 14.8 per cent, platinum 14.5 per cent and industrial 33 per cent. The main reason for the reduced income in the latest half year was the fall in gold mining revenue.

Operating profits increased thanks to the increase in the stake in Tavistock Collieries which should again do well in the current half year. But the decline in overall revenue is likely to continue.

"Johnnies" may well decide to maintain the final dividend, although this will probably depend more on the outlook for 1982-83 than on the current year's results and on this basis the signs are hopeful. The shares were £37 yesterday backed by net assets equal to R140 (£76.88) per share.

	Six months ended 31.12.81 Rm	31.12.80 Rm
Profit before taxation	62.4	67.1
Tax	9.0	7.2
Profit after taxation	53.4	59.9
Outside holders	0.7	3.1
Profit before extraord. item	52.7	56.8
Investment income	33.3	38.9
Profits of subs.	13.0	7.7
Surplus on realisation of investments	—	3.5
Other net revenue	6.4	6.7
Preference dividends	4.1	3.7
Attributable	48.6	53.1
Ordinary dividends	9.5	9.2
Retained profit	39.1	43.9
Net asset value per share	R140	R139
Ord. shares in issue	7,299,600	7,105,600
Earnings per share	672c	699c
Div. declared (int.)	130c	130c

Loss at Falconbridge Copper

CANADA'S Corporation Falconbridge Copper has followed its parent company, Falconbridge Nickel, in reporting losses for the fourth quarter and full year in 1981. As with the parent, a loss in the last three months was sufficient to wipe out the copper producer's profits over the first nine months of the year.

Falconbridge Copper recorded a fourth quarter deficit of C$641,000 (£290,000), which gave the company a net loss for the year of C$122,000, against a profit in 1980 of C$30.3m, reports John Soganich from Toronto.

The loss per share was 1 cent, compared with earnings of C$2.34 last time.

The principal reasons for the loss were a significant decline in selling prices for copper, gold and silver, and closure of the highly-profitable Sturgeon Lake joint venture in north-western Ontario following the depletion of ore resources the previous year, and month-long disputes at both the Lake Dufault and Opemiska operations in north-western Quebec.

Exploration and development spending rose by C$3.9m to C$19.1m owing to the company's participation with its parent company in the Opawica gold project, and increased surface exploration at the Ansil property near Noranda.

Operating losses were offset to some extent by investment income of C$13.1m, but the need to conserve cash led the company to pass its fourth quarter dividend. This leaves the total for the year at 40 cents, against C$1 in 1980.

UC Investments pays more

AS EXPECTED, South Africa's UC Investments, the Gencor group's gold and platinum investment company, has had a leaner second half in line with reduced gold income.

Thanks to the good performance in the first half, however, net profits for the full year to December 31 are only modestly lower at R36m (£19.8m) compared with the record R37.6m in 1980.

Latest earnings come out at 185 cents per share and the final dividend is being increased to 115 cents (63p). This makes a total for the year of 160 cents against 150 cents for 1980.

Investments of UCI, which include a major stake in Impala Platinum, had a market value at end-1981 of R357.3m against R383.1m at the end of the previous year. The net asset value of the shares at end-1981 was 1,804 cents. They were 570p yesterday.

	1981 R000	1980 R000
Investment income	36,750	37,683
Realisation of invest.	2,680	2,423
Recoup. of amounts prev. written off	—	37
Other rev. (ex.)—Net	766	(98)
Making	40,196	40,045
Interest paid	69	—
Written down invest.	2,600	1,350
Directors' fees	30	30
Income before tax	37,497	38,665
Taxation	1,460	1,082
Retained income brought forward	393	360
Available	36,430	37,943
Earn. per shr. (cents)	184.8	192.7

S. African gold output decline after 1985

GOLD PRODUCTION from South Africa is likely to remain stable around the current level over the next few years, but may fall sharply later, according to Mr Peter Fells, executive director for economic research with London's Consolidated Gold Fields.

He said he expected South Africa's output to be around 675 tonnes a year by 1985, compared with 657 tonnes last year, but added that it could fall by almost half to 350 tonnes by the end of the century.

Output will be maintained in the near-term by the reworking of old mines and tailings dumps, but thereafter production will fall as ore grades decline and mines are exhausted, he said.

Outside South Africa, production by other non-communist countries is likely to rise by about 170 tonnes a year in the period to 1985, he said, with much of this increase coming from the development of gold-copper mines in Papua-New Guinea and the Philippines.

Tin outputs for January

GENERALLY lower tin concentrate output figures are reported for January by the Eastern tin producers. Ayer Hitam's latest output is considerably below that of December, but the company's output for the first seven months of its current year is well ahead at 1,094 tonnes against 836 tonnes.

Similarly, Berjuntai is still in front with a nine-month total of 2,729 tonnes against 2,563 tonnes.

The major producer, Malaysia Mining Corporation, has turned out 4,887 tonnes during the past seven months. The latest outputs are compared in the following table.

Hamersley seeks ore price rise

DESPITE the recession in the steel industry, world iron ore producers are seeking substantial price increases. Among them, Australia's Hamersley Holdings, which last week reported a 70 per cent fall in 1981 earnings, is asking its Japanese steel manufacturing customers for an average 36.5 per cent rise for iron ore shipped in the year starting this April, according to reports from Tokyo.

Hamersley's case is said to be based on the claim that it has invested A$850m (£500m) in the iron ore operations over the past 16 years without having produced enough profit to cover this investment. It is also contended that the iron ore price has been unduly low in recent years compared with that of coal.

Full negotiations on the requested price increase may not start until the European pricing trend is established—Brazilian iron ore suppliers are understood to be asking for a 30 per cent price increase from European steel mills—which should be around the middle of March.

Sir Russel Madigan, chairman of Hamersley, has said that last year's 8.5 per cent iron ore price increase was far below the levels needed to compensate for rises in costs and the effects on revenue of the strength of the Australian dollar against the U.S. dollar in which latter currency iron ore is priced.

Hamersley is 93.6 per cent-owned by CRA, the 1981 results of which are due shortly.

Metals Ex men join board of North Kalgurli

THE TALKS announced last week between Australia's gold-producing North Kalgurli Mines and Metals Exploration have been concluded, and subject to shareholder approval, four Metals Ex nominees will be invited to join an expanded North Kalgurli Board.

Following the success of Metals Ex's recent partial bid, it now holds 35 per cent of the gold producer, which agreed that Metals Ex should be allowed to participate in the direction of North Kalgurli's operations.

Mr John Jones, North Kalgurli's chairman, said Mr Ken Fletcher, managing director of Metals Ex, said they viewed the compromise as a long-term resolution of the differences between the two companies.

Hudbay defers capital expenditure

LOW METAL prices, the softening zinc market and high operating costs have led Hudson Bay Mining and Smelting to defer for at least a year all possible capital expenditure, major mine repairs and mine development at its operations in the Flin Flon and Snow Lake areas of northern Manitoba.

The company, the Canadian arm of the Anglo American Corporation group of South Africa, said its present intention is to maintain full production

CONTRACTS

NCB places over £9m orders

Contracts with a total estimated value over £9.4m have been let by the National Coal Board. Hose end fittings to NCB Specifications 174 and 638, for the period January 1 to December 31 1982, worth about £2.6m, have been ordered from DUNLOP, EUROPOWER HYDRAULICS, HI-FLEX INTERNATIONAL, TONY SCOTT ENGINEERING, and WINSTER HOSE.

PVC insulated and paper insulated lead covered cables, for the period April 1 1982 to March 31 1983, worth about £6.8m, have been ordered from A.E.I. CABLES, B.I.C.C., CROMPTON PARKINSON, DELTA ENFIELD CABLES and PIRELLI GENERAL CABLE WORKS.

*

A £6m dredger has been ordered by the Mersey Docks and Harbour Company from APPLEDORE SHIPBUILDERS, North Devon, part of the British Shipbuilders Group. The 2,200 cu metre capacity vessel is expected to be delivered in mid-1983 and will replace the 25-year-old "Mersey 41."

The new trailing suction dredger will join "Mersey Mariner," a grab hopper dredger which went into service last summer. She will work in the approach channels to the Port, the lock approaches and inside the enclosed dock system, absorbing the operations currently undertaken by an outside contractor.

*

British Telecom has ordered £8.3m worth of digital and analogue multiplex and line equipment from GEC TELECOMMUNICATIONS. The equipment includes the second order for 140 Mbit/secs multiplex equipment which is used to assemble individual signals into a composite 140 Mbit/secs transmission signal equivalent to 1920 speech circuits — and to separate the received signals. British Telecom plans to convert the entire UK telecommunications network to digital operation by the early 1990s.

*

Brown Brothers has placed an order worth £2m with the Software Sciences division of BOC COMPUTER SERVICES for a high-reliability, on-line sales order processing system. The system, which will be introduced in stages, is being developed by Software Sciences to service Brown Brothers' network of over 100 branches throughout the UK. It will be run from the company's head office computer centre at Swindon.

*

KENT PROCESS CONTROL and KENT INDUSTRIAL MEASUREMENTS, both Brown Boveri Kent companies, have won contracts worth more than £600,000 to supply, install and commission flow metering equipment for a pipelines system associated with the Pembroke Cracking Company plant at Milford Haven South Wales.

*

C. Davidson and Sons, the Aberdeen based packaging board producer, is buying a new calender costing £165,000 from HUNT AND MOSCROP (PAPER MACHINERY). The order covers the supply of four roll machine with a fixed queen roll for single nip operation and swimming rolls in the top and bottom positions.

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	14 %
Allied Irish Bank	14 %
American Express Bk.	14 %
Amro Bank	14 %
Henry Ansbacher	14 %
Arbuthnot Latham	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
BCCI	14 %
Bank Hapoalim BM	14 %
Bank Leumi (UK) plc	14 %
Bank of Cyprus	14 %
Bank Street Sec. Ltd.	15½%
Bank of N.S.W.	14 %
Banque Belge Ltd.	14½%
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Beneficial Trust Ltd.	15 %
Bremar Holdings Ltd.	15 %
Bristol & West Invest.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14½%
Canada Perm't Trust	14½%
Castle Court Trust Ltd.	14½%
Cavendish G'ty T'st Ltd.	15½%
Cayzer Ltd.	14½%
Cedar Holdings	14 %
■ Charterhouse Japhet	14½%
Choulartons	14½%
Citibank Savings	¶14 %
Clydesdale Bank	14 %
C. E. Coates	14½%
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
E.T. Trust	14 %
Exeter Trust Ltd.	15 %
First Nat. Fin. Corp.	17 %
First Nat. Secs. Ltd.	17 %
Robert Fraser	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
Heritable & Gen. Trust	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Hongkong & Shanghai	14 %
Knowsley & Co. Ltd.	14½%
Lloyds Bank	14 %
Mallinhall Limited	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Roxburghe Guarantee	15 %
E. S. Schwab	14 %
Slavenburg's Bank	14 %
Standard Chartered	‖14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
TCB Ltd.	14 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Wintrust Secs. Ltd.	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.50%. 1-month 11.75%. Short term £8,000/12 month 14.10%.
† 7-day deposits on sums of:—under £10,000 11½%. £10,000 up to £50,000 12¼%. £50,000 and over 12¾%.
‡ Call deposits £1,000 and over 11½%.
‖ 21-day deposits over £1,000 13%.
§ Demand deposits 12%.
¶ Mortgage base rate.

APPOINTMENTS

Merrill Lynch posts

Mr Giovanni Franzi has been named managing director of MERRILL LYNCH INTERNATIONAL BANK (MLIB) responsible for investment banking. He has been executive director of MLIB and managing director of Merrill Lynch White Weld capital markets group since he joined the bank in July 1980. He was previously advisor to Kuwait International Investment Company from 1974 to 1980. Mr Milton (Tony) Beard and Mr Dante Montalbetti have been made executive directors of MLIB.

★

Mr R. H. K. Seelig, a director of Morgan Grenfell and Co., has been appointed to the board of MORGAN GRENFELL INC., wholly-owned American subsidiary.

★

Mr T. T. Luckcuck, secretary to the BRITISH WATERWAYS BOARD, has assumed the responsibilities of deputy general manager in addition to his current duties.

★

Mr Kenneth J. Walker, deputy managing director, and Mr John W. Ross, general manager, have been appointed to the boards of the PROVINCIAL INSURANCE COMPANY and PROVINCIAL LIFE ASSURANCE COMPANY. Both appointments take effect from March 1.

At Provincial Insurance the following appointments have been made: Mr C. Woodcock, to general manager; Mr W. H. Baly an assistant general manager for UK underwriting; Mr F. W. Child an assistant general manager for personnel; Mr D. Potts an assistant general manager for finance and accounts; and Mr C. H. Wilson an assistant general manager for management services.

★

Mr Robert A. Laurenson has been appointed a general manager of CLYDESDALE BANK from March 1 and Mr Robert C. Legge is to be general manager in charge of business development from April 1. Both are at present assistant general managers. Mr William H. Beaton, a general manager, retires at the end of March.

★

The ESCOMBE GROUP has appointed Mr P. H. Richardson as southern regional director, and Mr A. E. Coughlin becomes general manager of London office.

★

The BRITISH AND COMMONWEALTH SHIPPING COMPANY has appointed Mr Neil M. Forster as group managing director and Mr Geoffrey A. Adkin as group finance director from March 1.

★

Mr Joe Morris has been appointed as the head of internal audit advisory branch in the TREASURY.

Mr Brian Nelson, group managing director and chief executive of H. P. BULMER HOLDINGS, has been elected president of the EUROPEAN INSTITUTE OF PECTIN MANUFACTURERS.

★

Mr George S. Moore, former chairman of the board and chief executive officer of Citibank, New York, and a member of the board of the Ingram Group has been named chairman of the newly organised INGRAM WORLDWIDE INVESTMENTS. Mr William F. Earthman will be managing director of the new company. He is chairman and chief executive officer of Tennessee Valley Bancorp, Nashville, and also a board member of the Ingram Group. Other members of the board of Ingram Worldwide Investments are: Lord Kenneth Keith, former chairman of Rolls Royce and Hill Samuel Investment Bankers, London; Mr Oren E. Atkins, former chairman of Ashland Oil, Inc.; Mr G. A. Costanzo, former vice chairman of Citibank; Mr Robert L. Genillard, chairman of Thyssen-Bornemisza NV, a diversified industrial company with headquarters in Monaco; and Mr Frederic B. Ingram chairman of the Ingram Group.

★

G. AND R. ELECTRONICS, Salisbury, has appointed Mr Jack Beard as commercial director. He joins the company from Membrain.

Mr J. N. M. Cheetham of Astley and Pearce has succeeded Mr Keith Hughesdon (M. W. Marshall and Co.) as chairman of the STERLING BROKERS' ASSOCIATION. Mr M. G. Redgwell (Butler Till) has been appointed chairman of the Association, while Mr N. Blows (Harlow Meyer Savage) has become honorary secretary and Mr M. B. Church (R. P. Martin and Co.) has been made honorary treasurer.

★

Mr Roger T. Elmhirst has been appointed deputy managing director of CHARTERHOUSE CORPORATE INVESTMENTS, which is responsible for the Charterhouse Group's wholly-owned investments. He is also a director of Charterhouse Development and chairman of Charterhouse SA, the group's development capital subsidiary in France.

★

Following the early retirement of Mr Kenneth M. Hall, Miss June M. Higgins has been appointed company secretary of C. T. BOWRING AND CO. and Mr Christopher M. R. Pearson legal controller.

★

The TOKIO MARINE AND FIRE INSURANCE COMPANY has engaged Mr Harley Patrick, former deputy general manager of The Mercantile and General Reinsurance Company, to assist in a senior position with the development of international reinsurance operations.

Mr A. W. Cook has been appointed chairman of MULLION-WOOD, leasing subsidiary of Brengreen (Holdings).

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling was mostly firmer in currency markets yesterday. There appeared to be little overall trend although relatively high UK interest rates may have continued to attract attention. Friday's cut in North Sea oil prices was having little effect.

The dollar showed a stronger tendency, underpinned by high U.S. interest rates. Friday's fall in U.S. money supply was too small to convince the market that U.S. rates are likely to fall in the short term.

There was little change within the European Monetary System yesterday. The French franc remained the strongest currency, closely followed by the Dutch guilder while the Belgian franc was again the weakest member although well within its divergence limit.

STERLING—Trade weighted index (Bank of England) rose to 91.9 against 91.6 at noon, 91.3 in the morning and 91.6 at the previous close. Three month interbank (14⅝ per cent six months ago). Annual inflation rate 12 per cent (unchanged from previous month)—Sterling opened at $1.8590 against the dollar and traded within a very narrow range before closing at $1.8610-1.8620, a rise of 25 points from Friday's close in London. Against the D-mark it rose to DM 4.3950 from DM 4.3625 and SwFr 3.5325 compared with SwFr 3.5075. It was also higher against the French franc at FFr 11.16 from FFr 11.0975.

DOLLAR — Trade weighted index 111.7 against 111.3 on Friday. Three month Treasury bills 13.68 per cent (15.29 per cent six months ago). Annual inflation 8.9 per cent (9.6 per cent previous month) — The dollar rose to DM 2.3595 against the D-mark from DM 2.3460 on Friday and SwFr 1.8975 from SwFr 1.8860. It was also higher against the Japanese yen at Y234.75 from Y233.60.

D-MARK — EMS member (third weakest). Trade weighted index 121.1 against 121.8 on Friday and 114.9 six months ago. Three month interbank 10.225 per cent (12.925 per cent six months ago). Annual inflation 6.2 per cent (6.3 per cent previous month) — The D-mark was little changed against its EMS partners yesterday but lost ground against the dollar and sterling. The dollar was fixed higher at DM 2.3475 from DM 2.3392 without Bundesbank intervention while sterling rose to DM 4.37 from DM 4.3690. Within the EMS the French franc rose to DM 39.345 per FFr 100 from DM 39.32 but the Dutch guilder slipped to DM 91.145 per Fl 100 from DM 91.22.

ITALIAN LIRA — EMS member (central position). Trade weighted index unchanged at 55.2 from Friday and 57.1 six months ago. Three month interbank 21½ per cent (31¼ per cent six months ago). Annual inflation 17.9 per cent (18.2 per cent previous month) — The lira showed mixed changes at yesterday's fixing in Milan. The dollar rose to L1,255.8 from L1,251.35 on Friday in rather erratic trading while the D-mark slipped to L534.7 from L535.18. Sterling was also easier at L2,336 compared with L2,337.1.

JAPANESE YEN — Trade weighted index 138.5 against 138.7 on Friday and 141.2 six months ago. Three month bills 6.59375 per cent (7.53125 per cent six months ago). Annual inflation rate 4.3 per cent (3.6 per cent previous month)—The yen was slightly firmer against the dollar yesterday as the U.S. unit reacted to a slight softening in dollar interest rates. The dollar closed at Y233.6 down from an opening level of Y234.30 and Y233.7 in New York on Friday. There may have been some intervention by the Bank of Japan to force down the value of the dollar but the market still lacked direction despite Friday's fall in U.S. money supply.

THE POUND SPOT AND FORWARD

Feb 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8580-1.8640	1.8610-1.8620	0.15-0.25c dis	[illegible]	[illegible]	[illegible]
Canada	2.2430-2.2520	2.2495-2.2505	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	4.77-4.82	4.81-4.82	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	74.10-74.70	74.60-74.70	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	14.05-14.28	14.17-14.18	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	1.2365-1.2475	1.2445-1.2455	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	4.35-4.40	4.39-4.40	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	127.25-128.25	127.65-127.95	[illegible]	[illegible]	[illegible]	[illegible]
Spain	184.00-185.75	185.35-185.55	[illegible]	[illegible]	[illegible]	[illegible]
Italy	2,327-2,344	2,342-2,344	[illegible]	[illegible]	[illegible]	[illegible]
Norway	11.02-11.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	11.06-11.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	10.62-10.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	432-440	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	30.50-30.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	3.49-3.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

THE DOLLAR SPOT AND FORWARD

Feb 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8580-1.8640	1.8610-1.8620	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb. 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.9	-32.9
U.S. dollar	111.7	+4.6
Canadian dollar	88.5	-17.9
Austrian schilling	113.9	+24.2
Belgian franc	104.3	[illegible]
Danish kroner	88.7	-11.5
Deutsche mark	121.1	+46.8
Swiss franc	151.4	+103.1
Guilder	113.7	+19.3
French franc	78.7	-15.2
Lira	55.2	-57.7
Yen	138.5	+32.6

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.7061	+2.33	+1.21	±1.5368
Danish Krone	7.91117	8.02236	+1.41	+0.29	±1.6412
German D-Mark	2.40989	2.44766	+1.57	+0.45	±1.1077
French Franc	6.17443	6.22283	+0.78	-0.34	±1.3733
Dutch Guilder	2.66382	2.68607	+0.84	-0.28	±1.5063
Irish Punt	0.684452	0.696039	+1.70	+0.58	±1.6689
Italian Lira	1300.67	1309.01	+0.64	+0.34	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for February 8 .... 0.558764

EXCHANGE CROSS RATES

Feb. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.862	4.395	437.0	11.16	3.533	4.815	2345.	2.290	74.65
U.S. Dollar	0.537	1.	2.361	234.8	5.995	1.898	2.587	1260.	1.230	40.10
Deutschemark	0.228	0.424	1.	99.43	2.539	0.804	1.096	533.6	0.521	16.98
Japanese Yen 1,000	2.288	4.260	10.06	1000.	25.54	8.084	11.02	5366.	5.240	170.8
French Franc 10	0.896	1.668	3.938	391.6	10.	3.165	4.315	2099.	2.052	66.89
Swiss Franc	0.283	0.527	1.244	123.7	3.159	1.	1.363	663.3	0.648	21.13
Dutch Guilder	0.208	0.387	0.913	90.66	2.318	0.734	1.	486.6	0.476	15.50
Italian Lira 1,000	0.427	0.794	1.876	186.5	4.758	1.506	2.055	1000.	0.980	31.85
Canadian Dollar	0.444	0.827	1.953	194.2	4.960	1.570	2.140	1041.	1.	33.16
Belgian Franc 100	1.340	2.494	5.887	585.4	14.95	4.732	6.450	3139.	3.014	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 8)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 5/8	offer 15 7/8	bid 15 15/16	offer 15 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅜-14⅝	15¼-15½	14-15	10 1/16-10 5/16	1½-2	9⅞-10	14½-15	17½-19	[illegible]	[illegible]
7 days' notice	14⅜-14⅝	15⅜-15⅝	14-15	10 1/16-10 5/16	3-2½	9 13/16-10 1/16	14½-15	19¾-21¾	[illegible]	[illegible]
Month	14 9/16-14⅝	15½-15¾	15-15⅝	10 1/16-10¼	7⅝-7½	10⅛-10¼	14¾-15¼	21¼-22¼	[illegible]	[illegible]
Three months	14 9/16-14 11/16	15 13/16-15 15/16	15¼-15⅝	10⅛-10¼	8⅛-8¼	10⅛-10¼	14¾-15¼	22½-23½	[illegible]	[illegible]
Six months	14⅝-14¾	15¾-16	15½-15⅞	10⅛-10¼	8⅜-8 7/16	10⅛-10¼	16¼-16¾	25-25⅝	[illegible]	[illegible]
One Year	13 15/16-14	15¾-16	16-16⅝	10⅜-10½	8⅛-8¼	10⅛-10¼	16⅞-17⅜	23¼-24	[illegible]	[illegible]

SDR linked deposits: one month 13-13⅛ per cent; three months 13 5/16-13 7/16 per cent; six months 13 9/16-13 11/16 per cent; one year 13 7/16-[illegible] per cent.
ECU linked deposits: one month 13¼-13⅜ per cent; three months 13⅝-14 per cent; six months 13⅞-14¼ per cent; one year 14-14⅜ per cent.
Asian $ (closing rates in Singapore): one month 15⅜-15½ per cent; three months 15 9/16-15 11/16 per cent; six months 15 9/16-15 11/16 per cent; one year [illegible] per cent. Long-term Eurodollar two years 15¾-16 per cent; three years 15⅞-16⅛ per cent; four years 16-16¼ per cent; five years 16-16¼ per cent; nominal closing rates.
The following rates were quoted for London dollar certificates of deposit: one month 15.35-15.45 per cent; three months 15.50-15.60 per cent; six months 15.65-15.75 per cent; one year 15.60-15.80 per cent.

MONEY MARKETS

Slightly firmer

London clearing bank base lending rates 14 per cent (since January 25)

Short-term interest rates were slightly firmer in London yesterday, *reacting to the continued* uncertainty about U.S. rates after another set of confusing money supply figures.

Day-to-day credit was in short supply in the London money market, and the authorities gave assistance by buying £312m of bills at unchanged dealing rates. The shortage was expected to be in the region of £300m, according to the Bank of England's morning forecast. Bills maturing in official hands and a net market take-up of Treasury bills were against the market to an extent of −£481m. These were partly offset by Exchequer transactions of +£140m, boosted by payment of £177m rate support grant to local authorities and a fall in the note circulation of +£90m.

All yesterday's help was provided in the morning, when the Bank of England bought £4m Treasury bills in band 2 (15-33 days maturity) at 13 13/16 per cent; £143m bank bills in band 2 at 13 13/16 per cent; £37m bank bills in band 3 (34-63 days) at 13¾ per cent; and £128m bank bills in band 4 (64-84 days) at 13¾ per cent.

In the interbank market, rates increased by about 1/16 per cent, with three-month rising to 14 9/16-14 11/16 per cent from 14½-14⅝ per cent. Overnight money finished at 14¼ per cent after touching a low of 13 per cent. Discount houses buying rates for Treasury bills and bank bills were also about 1/16 per cent higher.

In Frankfurt banks drew heavily on the Bundesbank special Lombard facility, following the unwinding of a 35-day securities repurchase agreement, which drained DM 4.6bn from the market. Special Lombard borrowings rose to DM 4.4bn from a low of DM 1.4bn last Thursday. A repurchase agreement of DM 8.4bn, announced towards the end of last month, will run until March 8, but this compares with similar arrangements totalling DM 13.1bn in operation about three weeks ago. At that time German call money fell to 9.5 per cent, but was steady at around 10.05 per cent yesterday. A further injection of liquidity is likely to follow a rise in call money well above the special Lombard level of 10 per cent, or further large borrowings by the banks.

In Brussels the interest rate on Belgian one-month Treasury certificates was cut by 0.10 per cent to 14.75 per cent. Two and three-month rates remained at 15 per cent and 15.15 per cent respectively.

GOLD

Weaker trend

Gold fell $5½ an ounce from Friday's close in the London bullion market yesterday to finish at $378¼-379¼. It opened at $381¼-382¼ and eased steadily during the day, as U.S. interest rates remained firm, to finish at its lowest level of the day.

In Paris the 12½ kilo bar was fixed at FFr 73,250 per kilo ($377.25 per ounce) in the afternoon compared with FFr 72,250 ($378.04) in the morning and FFr 73,000 ($381.60) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,875 per kilo ($383 per ounce) against DM 28,905 ($386.50) previously and closed at $378¾-379¾.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was fixed at $382.50 compared with $386.25 on Friday.

In Zurich gold finished at $378¾-379.

Feb. 8			Feb. 5	
Gold Bullion (fine ounce)				
Close	$378¼-379¼	(£203¼-203¾)	[illegible]	[illegible]
Opening	$381¼-382¼	(£205¼-207¼)	[illegible]	[illegible]
Morning fixing	$381.50	(£204.865)	[illegible]	[illegible]
Afternoon fixing	$379.75	(£204.002)	[illegible]	[illegible]
Gold Coins				
Krugerrand	$390½-391½	(£209¾-210¼)	[illegible]	[illegible]
1/2 Krugerrand	$201-202	(£108-108½)	[illegible]	[illegible]
1/4 Krugerrand	$102-103	(£54¾-55¼)	[illegible]	[illegible]
1/10 Krugerrand	$41¾-42¾	(£22½-23)	[illegible]	[illegible]
Mapleleaf	$391¼-392¼	(£210-210¾)	[illegible]	[illegible]
New Sovereigns	$93-93½	(£50-50½)	[illegible]	[illegible]
King Sovereigns	$109-110	(£58½-59)	[illegible]	[illegible]
Victoria Sovs	$109-110	(£58½-59)	[illegible]	[illegible]
French 20s	$90¾-101	(£48¾-54¼)	[illegible]	[illegible]
50 pesos Mexico	$467¾-470½	(£251¼-252¾)	[illegible]	[illegible]
100 Cor. Austria	$368½-371	(£198-199¼)	[illegible]	[illegible]
$20 Eagles	$507-512	(£272¼-275)	[illegible]	[illegible]

MONEY RATES

NEW YORK

Prime rate	16½-16¾
Fed. funds	14½-15
Treasury bills (13-week)	13.68
Treasury bills (26-week)	13.72

GERMANY

Special Lombard	10.00
Overnight rate	10.05
One month	9.625
Three months	10.225
Six months	10.225

FRANCE

Intervention rate	14.75
Overnight rate	14.875
One month	14.9375
Three months	15.1875
Six months	15.1875

JAPAN

Discount rate	5.50
Call (unconditional)	6.71875
Bill discount (three-month)	6.59375

LONDON MONEY RATES

Feb. 8 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-14½	14	—	—	14¼	13½-14½	—	—	—
2 days notice	—	—	14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅜-14⅝	14⅜	—	—	14½	14-14½	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days' fixed. [illegible]

Conoco gives Du Pont sharp boost in profits

BY PAUL BETTS IN NEW YORK

DU PONT, the largest U.S. chemicals group, has turned in sharp gains in income and revenues for 1981 as a result of its takeover during the year of Conoco, the country's ninth largest oil company.

Net annual operating income totalled $1.08bn or $5.81 a share, compared with $744m or $4.73 a share in 1980. Sales rose from $13.7bn to $22bn.

Du Pont said the latest figures included Conoco's financial results for the last five months of 1981. These contributed $5.1bn to total revenues and $316m to earnings.

In the fourth quarter, Du Pont's net income totalled $328m or $1.35 a share, compared with $215m or $1.36 a share in the final period of 1980. Conoco contributed $5bn to sales and $202m to net income.

Because of the effects of a change in accounting for investment tax credits, which involved a gain of $320m, Du Pont's net earnings totalled $1.4bn for 1981. Net profits were reduced by $139m due to interest costs related to the company's borrowings to complete the $6.8bn acquisition of Conoco.

Mr Edward Jefferson, chairman, said that there had been a further softening in most of the company's businesses in the fourth quarter and as the company entered the first period of this year. He said businesses continues to be sluggish in most of Du Pont's domestic and overseas markets and that this weakness would continue through the first half of 1982.

Du Pont's sales of chemicals, plastics and speciality products rose 6 per cent last year and net income from these products rose 4 per cent. Fibres had an 8 per cent increase in sales; income from these operations rose as much as 72 per cent.

The company's improved performance in the first three quarters of 1981 led to higher earnings. But weakness in the apparel, home, fabric, and carpet markets was evident in the fourth quarter.

Du Pont said Conoco's full year earnings improved in the subsidiary's petroleum exploration and production business, largely because of higher U.S. crude oil and natural gas prices and increased crude production in the North Sea.

But in line with the general trend in oil company earnings, Conoco's downstream operations showed reduced earnings because of lower sales of refined products in the U.S. market, the strength of the U.S. dollar against European currencies, and lower returns from shipping.

Final quarter reverse for Celanese

By Our Financial Staff

A DOWNTURN in the final quarter has left net earnings for fiscal 1981 at Celanese Corporation, the world's leading fibre manufacturer, just short of forecast. The full year shows net earnings 18 per cent ahead at $144m, or $9.01 a share, on sales 12 per cent up at $3.75bn.

But the final quarter brought a fall in earnings from $39m to $35m, reflecting weaker sales—$884m against $913m.

Celanese, which takes more than half its earnings from chemicals and 38 per cent from fibres operations, was looking for a boost in fiscal 1981 from its international operations, which brought in about one third of operating profits in 1980.

Chemical's Florida plan faces further challenge

BY DAVID LASCELLES IN NEW YORK

EFFORTS BY Chemical Bank, the large New York bank, to seal a merger agreement with Florida National Bank, encountered a further challenge yesterday when Southeast Banking Corporation, the largest bank in Florida, filed a $100m damages suit to stop the deal.

Southeast is also in the bidding for Florida National, and *said its board would meet later this week to consider a share exchange offer.*

Southeast's suit alleges that the chemical deal seeks to exclude other potential bidders and deprive shareholders of the benefit of counter-offers. Southeast has already reached agreement with the largest shareholder in Florida National, C. A. Cavendes of Venezuela, to secure options on its 32.5 per cent stake in Florida National.

Chemical Bank, for which the deal is a potentially important first step in preparation for the day when banks are allowed to expand across state lines, has made no specific comment about the Southeast bid.

However, Florida National said a merger with another Florida bank as large as Southeast *would create serious antitrust problems.* Florida National has assets of about $2.5bn, and Southeast $6bn.

Chemical agreed last week to pay the higher of $42 a share or 1.5 times the book value of the Florida National shares at the time of the contemplated merger if and when interstate bankings becomes legal. This gave its proposal a present-day value $320m.

DM 2.35bn of bonds in two-month calendar

By Alan Friedman

A DM 2.35BN foreign bond calendar for the next two months was agreed yesterday by the West German Capital Markets Sub-committee. The calendar, which runs until April 13, is the longest queue of issues yet agreed in West Germany.

As expected, the South African Transport System (SATS) kicked off the calendar with a rare DM 50m four-year offer through Berliner Handels- und Frankfurter Bank. The coupon is a suitably high 10½ per cent.

The new calendar, which had to be stretched out in order to avoid congestion, includes many sovereign borrowers and international organisations.

Today sees the launch of a DM 200m issue for Australia through Deutsche Bank. This popular borrower will probably get away with a coupon under 9½ per cent.

Also on the calendar are the Kingdom of Denmark (DM 200m through WestLB), the European Community (DM 200m through Deutsche), The Telephone Company of Madrid (DM 100m through Dresdner), Nafinsa (DM 150m through Dresdner) and Electricite de France (DM 100m through Bayerische Hypotheken).

The Oesterreichische Kontrollbank (OKB) will make two appearances, first a DM 100m private placement through Bayerische Hypotheken Bank and then a DM 100m public issue through Deutsche.

Other scheduled Euro D-mark issues are: Ferrovie dello Stato, the Italian railways (DM 150m through Commerzbank), Renfe, the Spanish railways (DM 100m through WestLB), Kingdom of Sweden (DM 200m through Deutsche), Finland (DM 150m through Dresdner), the World Bank (DM 100m through Deutsche), Inter-American Development Bank (DM 150m through Deutsche), Eurofima, the European railway rolling stock financing group (DM 100m through Deutsche) and Asian Development Bank (DM 150m through Deutsche).

Prices in the Euro D-mark sector were unchanged last night, while fixed-interest bonds in the Eurodollar market showed a slight improvement yesterday morning. The Eurodollar sector is remarkably steady in the light of recent financial news from New York, and even the U.S. Treasury bonds' one point decline yesterday did not have much impact.

A $25m seven-year offer for Arizona Public Service is out through CSFB. The paper bears a 16 per cent coupon and is priced at 99½ to yield 16.12 per cent.

GMAC's 16 per cent $150m worth of bonds through Morgan Stanley continued to look like soggy sellers, with the grey market quoting the paper at a 2¼ per cent discount. At least $50m was said to be on co-managers' books as of yesterday.

From Euroclear comes word that the system's fee for bridge deliveries to Cedel has been reduced from $8 to $4 per transaction. Mr Ian Steers, chairman of Euroclear, said the reduction in fees was a result of volume growth in the business.

● Daiwa Securities last night announced a Y10bn 12-year Samurai offer for Imatran Voima Oy, the Finnish electric power company. The coupon is 8.4 per cent and the price is 99.80 per cent to yield a semi-annual 8.462 per cent.

WITHDRAWAL FROM PRODUCTION COSTS $529m

Kaiser Steel in loss after write-off

BY IAN HARGREAVES IN NEW YORK

KAISER STEEL, the California steel company which is in the process of being bought by a private investment group for $403m, yesterday reported a $514m loss for its 1981 fourth quarter.

The loss was caused by a $529m write-off to cover Kaiser's planned withdrawal from primary steelmaking which will mean the loss of 3,000 jobs.

But Mr Stephen Girard, the chairman, said that Kaiser had also slipped back into an operating loss on its steel business in the fourth quarter after three profitable quarters, and that Kaiser saw little chance for improvement in the steel market.

"We are forecasting a continuing cash drain from steelmaking," he added.

Kaiser's fourth quarter produced a loss for the year of $437.4m, compared with a profit of $191.5m in 1980. Sales were $1.1bn, up from $927m.

The fourth quarter loss compared with a deficit of $73.3m in the 1980 final quarter. Sales were down from $261m to $227.6m.

Mr Girard said that high energy and labour costs could not be covered by the prices currently available for steel in the U.S. market, but that steel fabricating and coal operations should continue to be profitable.

Last week the company accepted in principle a third bid from an investment group headed by Mr Stanley Hiller, having previously rejected the so-called "leveraged buy-out," whereby the purchaser uses borrowed money on the security of the purchased company assets in taking the company into private ownership.

Kaiser's main union, the United Steelworkers, has staunchly opposed the sale to the Hiller group and is still working on its own plans for an employee ownership scheme.

Looking ahead, Mr Girard said 1982 did not look good for Kaiser's steelmaking operations. So far there had been a continuation of the extremely weak market of late last year, he said, adding: "Price competition within the market remains intense and we are unable to price our products high enough to cover our inherently high and increasing costs."

Included in the $529m charge on steelmaking was $309m for a write-down of coke ovens, blast furnaces, oxygen steelmaking furnaces and an iron ore mine, $112m for employee termination costs and $75m for the estimated primary steelmaking operating losses during the phase-out period.

Downturn at Canadian Pacific

BY ROBERT GIBBENS IN MONTREAL

LOWER PROFITS for the third successive quarter have left Canadian Pacific Ltd (CPL) with reduced annual profits for the first year since 1975.

Fourth-quarter net income amounted to C$94m, making C$485m or C$6.75 a share for the whole of 1981. This compared with C$159m, making C$583m or C$8.11 a share for the previous year.

The group said higher fuel and labour costs brought a deterioration of CP Air's results. CP Ships also returned lower income due to weak shipping markets. There were also major reductions in earnings from mines and minerals, oil and gas and forest products.

CP Rail showed an increase in income, but this was achieved in the first half of the year, costs outpacing revenue increases in the second six months.

CP Trucks, however, recorded an improvement as a result of close control of expenses and concentration on the profitable less-than-truckload business.

Sharply lower profits were recorded by Canadian Pacific Enterprises (CPE), the non-rail holding company which is 70 per cent-owned by CPL. Earnings for 1981 totalled C$404m or C$2.87 a share, compared with C$491m or C$3.63 a share for 1980.

Fourth - quarter earnings declined from C$134m to C$89m or from 95 cents to 63 cents a share, mainly because of lower profits from the group's resource subsidiaries, particularly those in the metals sector.

Great Lakes Forest Products, which is controlled by CPE, earned C$77.7m or C$15.92 a share for 1981, against C$81.3m or C$18.01 a share, on sales up to C$568m from C$539m previously.

$413m bid for Cannon Mills succeeds

By Our New York Staff

MR DAVID MURDOCK, the Los Angeles financier, appears to have won his $413m bid for Cannon Mills, one of the largest U.S. manufacturers of towels, sheets and other textiles. His $44 a share offer had attracted 86 per cent of the outstanding shares by last Friday. Mr Murdock already had 5 per cent, taking his total holding to 91 per cent.

In a letter to shareholders Mr Murdock made it clear that his bid was essentially a "leveraged buy-out" insofar as the debt he incurs in the takeover will be repaid by Cannon's cash holdings and cash flow. The immediate cost will be financed by $40m from his company, Pacific Holdings, and a bank loan.

● Whittaker Corporation, the Los Angeles industrial group, has announced that its cash bid for 49 per cent of Brunswick Corporation, is heavily oversubscribed. The bid is worth $300m and is to be followed by an exchange of shares for the remaining holdings. Whittaker wants Brunswick for its medical supplies business, although Brunswick's biggest operation is Mercury outboard marine engines.

Brunswick is resisting the bid and said it was still investigating "every alternative" to protect its shareholders' interests.

Canada Cement cuts its dividend

BY OUR MONTREAL CORRESPONDENT

HIGHER EARNINGS are reported by Canada Cement Lafarge, the Canadian arm of the French Lafarge Coppee group, for 1981. But results of its US$330m acquisition of General Portland of the U.S. had little impact and because of the poor outlook the group is cutting its dividend.

Fourth-quarter earnings were higher than expected at C$12.2m (US$11m) or 46 cents a share, against C$8.8m or 37 cents a share. For the full year operating profit was C$34.2m *or C$1.32 a share against* C$22.7m or 91 cents a share.

The company is the largest cement manufacturer in Canada. Its first major diversification move in the U.S. was last year's acquisition of General Portland, is now 100 per cent owned. General Portland, included in Canada Cement only since November 13.

The U.S. company should provide a considerable boost to income from operations this year. General Portland has nearly 10 plants and the enlarged Canada Cement group is now the largest single cement producer in North America and the second largest in the U.S. Its assets will be split about 50-50 between Canada and the U.S.

Canada Cement says the gain in total profits from inclusion of General Portland in 1982 will be affected by interest charges for money borrowed to complete the deal and the dilution effect of recent preferred and common stock issues.

Canada Cement's fourth quarter sales were C$266m against C$192m. For the full year they totalled C$916m against C$711m for 1980.

The dividend rate is being cut from 20 cents quarterly to 10 cents a share. The company said this was due to the prospects for continued recession in North America, and because of the group's interest burden and other factors including restatement of General Portland's fixed assets, which will mean higher depreciation.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16. Closing prices on February 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16¾ 88	100	102⅝	103⅛	+0⅛	+0¾	15.72
APS Fin. Co. 17⅞ 88	40	104⅝	105⅛	0	+0⅛	15.93
Armco O/S Fin. 15⅞ 88	50	98⅝	99⅛	−0⅛	+0¼	16.13
Bank Montreal 16⅛ 91	100	100⅛	100⅝	+0⅛	+0⅛	16.13
Br. Colum. Hyd. 15⅞ 89	100	101⅛	101⅝	+0⅛	+0⅛	15.79
Br. Colum. Mn. 17 87	54	102⅞	103⅜	+0⅛	−0½	16.43
Can. Nat. Rail. 14⅛ 86	100	93	93½	+0⅛	+0⅛	15.94
Caterpillar Fin. 16⅛ 86	100	102⅞	103⅜	+0⅛	+0⅛	15.68
CFMF 16¼ 86	100	101⅜	102⅛	−0⅛	−0⅛	15.82
CIBC 16 88	100	101⅛	101⅝	0	−0⅛	15.26
Citicorp O/S 16⅛ 88	100	101⅛	101⅝	0	+0⅛	15.80
Cities Service 17 88	150	102⅜	103⅛	−0⅛	−0⅛	16.18
Cons. Bathurst 17¼ 88	50	102⅝	103	−0⅛	−0⅛	16.73
CPC Fin. 15⅝ 88	50	102⅛	103⅛	−0⅛	+0⅛	15.72
Dupont O/S 13¾ 88	400	97	97⅛	−0⅛	+0⅛	15.14
EIB 16¼ 91	100	99⅞	100⅜	−0⅛	0	16.17
EIB 16¼ 91	100	101⅛	101⅝	0	+0⅛	16.41
GMAC O/S Fin. 15⅞ 86	100	100⅛	101⅛	−0⅛	−0⅛	15.57
Gulf States O/S 17⅛ 88	50	103⅛	104⅛	−0⅛	−0⅛	16.32
Japan Airlines 15⅛ 88	40	99	100	−0⅛	+0⅛	15.27
Mt. Bk. Canada 16⅛ 86	40	100	101	−0⅛	0	16.15
Nat. West 14⅛ 91	100	96⅛	96⅝	−0⅛	−0⅛	15.62
New Brunswick 17 88	60	104⅛	105	−0⅛	+0⅛	15.73
Newfoundland 17⅛ 89	100	104⅛	107	0	0	15.61
New. & Lab. Hy. 17⅛ 89	75	104	104⅛	−0⅛	+0⅛	16.20
Ohio Edison Fin. 17⅛ 88	75	103⅝	104⅛	+0⅛	+0⅛	16.43
OKG 15⅛ 87	50	97	97⅛	−0⅛	+0⅛	16.21
Ontario Hyd. 16.91 (N)	200	100⅛	100⅝	−0⅛	0	16.21
Pac. Gas & El. 15⅝ 89	100	99⅛	100	−0⅛	+0⅛	15.58
Quebec Hydro 17⅛ 91	150	104⅛	105⅛	−0⅛	0	16.34
Quebec Province 15⅛ 89	150	95⅛	96⅛	−0⅛	+0⅛	16.27
Saskatchewan 16⅛ 89	150	101⅛	101⅞	−0⅛	0	15.91
Scotfinanz 15⅝ 87	50	97⅛	98⅛	−0⅛	0	16.35
Sweden 14⅞ 88	100	96⅛	97⅛	+0⅛	+0⅛	16.07
Swed. Ex. Cred. 16⅛ 93	75	101⅛	101⅞	−0⅛	−0⅛	16.11
Tenneco Int. 17 89	100	103⅛	104⅛	−0⅛	0	15.98
Texas Eastern 15⅛ 88	50	98⅛	99⅛	−0⅛	0	16.09
Transcanada 17⅛ 88	75	105⅛	106⅛	−0⅛	−0⅛	16.13
Transcanada 16 86	100	98⅛	99⅛	−0⅛	−0⅛	16.28
Walt Disney 15⅛ 86	100	102	102⅛	−0⅛	0	15.55
Winnipeg 17 88	50	103⅛	104⅛	0	0	16.15
WMC Fin. 15⅛ 88	50	98⅛	99⅛	+0⅛	−0⅛	15.76
World Bank 16 86	100	100⅛	101⅛	+0⅛	+0⅛	15.81
World Bank 16⅛ 86	130	102⅛	103⅛	+0⅛	+0⅛	15.50
World Bank 16⅛ 88	100	102	102⅛	+0⅛	+0⅛	15.88
Average price changes... On day −0⅛ on week 0						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99⅛	100⅛	+0⅛	+0⅛	9.99
Asian Dv. Bank 10⅛ 89	100	101⅛	102⅛	0	−0⅛	10.34
Australia 9⅛ 91	300	99	99⅛	+0⅛	+0⅛	9.47
Belgelectric 11 91	100	100⅛	101⅛	−0⅛	−0⅛	10.77
CECA 10 91	100	99⅛	100	0	−1	9.95
Coun. of Europe 10 91	100	99⅛	100⅛	−0⅛	−0⅛	9.94
Coun. of Europe 10⅛ 91	100	100⅛	101⅛	+0⅛	+0⅛	10.07
EEC 10⅛ 93	100	99⅛	100⅛	+0⅛	0	10.15
EIB 9⅛ 91	100	98⅛	99⅛	−0⅛	0	9.78
EIB 10⅛ 91	200	101⅛	102⅛	+0⅛	+0⅛	10.12
Finland, Rep. of 10⅛ 88	100	101⅛	102⅛	−0⅛	0	10.10
Int.-American Dev. 10 91	100	100	100⅛	0	−0⅛	9.93
Inter-American 10⅛ 91	100	100	101	0	+0⅛	10.05
Ireland 10⅛ 86	100	100⅛	101⅛	0	−0⅛	10.07
Japan Airlines 8⅛ 87	100	96⅛	96⅛	0	−0⅛	9.03
Midland Int. Fin. 8⅛ 90	100	93⅛	94⅛	0	−0⅛	9.53
Mt. Bk. Denmk. 10⅛ 91	100	100⅛	100⅛	+0⅛	+0⅛	10.05
New Zealand 9⅛ 89	200	100⅛	101	+0⅛	+0⅛	9.82
OKB 10⅛ 91	100	100⅛	101	0	0	9.99
Quebec Hydro 10⅛ 91	150	101⅛	102⅛	+0⅛	0	10.12
Renault Acpt. 10⅛ 86	150	100⅛	101⅛	0	+0⅛	10.58
Swed. Ex. Cred. 10⅛ 91	100	99⅛	100⅛	−0⅛	−0⅛	10.30
World Bank 10 91	250	99⅛	100⅛	−0⅛	−0⅛	9.97
Average price changes... On day 0 on week −0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6⅛ 91	80	93⅛	93⅛	−0⅛	−0⅛	7.50
Asian Dev. Bank 8 90	80	101⅛	101⅛	0	−0⅛	7.73
BFCE 6⅛ 91	100	94⅛	94⅛	+0⅛	+0⅛	6.95
Belgelectric Fin. 7⅛ 91	100	100⅛	101	−0⅛	−0⅛	7.05
Bell Canada 7⅛ 93	100	100⅛	101	+0⅛	0	7.12
Bergen, City of 6⅛ 91	80	101⅛	101⅛	+0⅛	+0⅛	6.71
Bat. de Autopistas 8 90	80	101	101⅛	−1	−1	8.14
CECA 6⅛ 91	100	98⅛	99⅛	0	−1	7.01
Dome Petroleum 6⅛ 91	100	92	92⅛	−0⅛	−0⅛	6.96
Dome Petroleum 7⅛ 90	100	101⅛	101⅛	−0⅛	−0⅛	6.88
Franc. Petroles 6⅛ 91	80	98	99⅛	+0⅛	+0⅛	6.85
Gerator 7 91	100	99⅛	99⅛	0	−0⅛	7.01
Int. Amer. Dv. Bk. 7 91	100	97⅛	97⅛	−1⅛	−1⅛	7.36
I/S Elsam 6⅛ 91	100	97⅛	98	+0⅛	0	6.78
Japan Air Lines 7⅛ 91	100	104⅛	104⅛	+0⅛	−0⅛	6.90
Mader, Gezonde 8 91	100	106⅛	106⅛	+0⅛	0	7.06
OKB 7 93	100	100⅛	101⅛	0	0	6.92
OKB 7⅛ 91	100	101⅛	102	0	+0⅛	6.75
Oslo, City of 8 91	100	105⅛	105⅛	+0⅛	+0⅛	7.24
Saint Etienne 6⅛ 91	80	105	105⅛	−0⅛	−0⅛	7.76
Swed. Ex. Credit 7⅛ 91	100	97⅛	98⅛	−0⅛	0	7.11
TNT O/S Fin. 8 91	80	100⅛	100⅛	−0⅛	0	7.98
Unilever NV 7⅛ 93	100	105	105⅛	−0⅛	−0⅛	6.85
World Bank 6⅛ 91	100	92⅛	92⅛	+0⅛	0	7.12
World Bank 7 90	100	99⅛	99⅛	−0⅛	−1	7.20
World Bank 8 91	100	105⅛	106⅛	−0⅛	0	7.49
Average price changes... On day −0⅛ on week −0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	99⅛	99⅛	+0⅛	−0⅛	8.46
Australia 8⅛ 88	20	100⅛	101⅛	0	−0⅛	8.44
EIB 7⅛ 89	20	96⅛	97⅛	−1⅛	−1⅛	8.18
Finland, Rep. of 8⅛ 87	15	98⅛	99⅛	−0⅛	−0⅛	8.60
Int.-Amer. Dev. 8⅛ 91	15	101⅛	102⅛	−0⅛	−0⅛	8.21
New Zealand 8⅛ 87	15	99⅛	100⅛	+0⅛	+0⅛	8.30
Average price changes... On day −0⅛ on week −0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Cao. Utilities 17 86 C$	50	†97⅛	98	−0⅛	+0⅛	17.40
Federal, Dev. 17⅛ 86 C$	40	†102	103	−0⅛	−0⅛	16.85
GMAC (Can.) 16 87 C$	80	†105	106	+0⅛	−1	16.35
Panoanadian 16⅛ 89 C$	85	†97⅛	97⅛	−1⅛	−1⅛	17.11
Quebec Urban 16⅛ 86 C$	30	†99⅛	100⅛	−0⅛	−0⅛	17.12
Royal Trust 17⅛ 86 C$	40	†100⅛	101	0	0	15.54
Tordon Cpn. 17⅛ 87 C$	30	†98	98	+0⅛	+1	18.13
M. Bk. Denmk. 8 91 EUA	25	84⅛	85⅛	0	+0⅛	11.53

	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8⅛ 89 EUA	40	77⅛	79	0	−0⅛	13.06
U. Bk. Nwy. 9⅛ 90 EUA	18	91⅛	92⅛	0	+0⅛	11.07
Algemene Bk. 10⅛ 86 Fl	60	97⅛	98⅛	+0⅛	0	10.87
Amfas Group 12⅛ 86 Fl	40	102⅛	103	+0⅛	−0⅛	11.44
Amro Bank 12 86 Fl	75	101⅛	101⅛	+0⅛	+0⅛	11.46
Amro Bank 12 88 Fl	60	101⅛	102	+0⅛	−0⅛	11.46
Heineken NV 10 87 Fl	100	98⅛	97	0	−0⅛	10.79
Pierson 10⅛ 86 Fl	50	97⅛	97⅛	0	+0⅛	11.04
Rabobank 12 86 Fl	100	101⅛	101⅛	+0⅛	+0⅛	11.46
Air France 14⅛ 86 FFr	200	92⅛	94⅛	+0⅛	+0⅛	16.40
Bk. America 14⅛ 86 FFr	250	93⅛	94⅛	+0⅛	+0⅛	16.65
Charb'nages 13⅛ 86 FFr	400	93⅛	94⅛	+0⅛	+0⅛	15.89
EIB 14⅛ 88 FFr	200	89⅛	90⅛	+0⅛	+0⅛	16.83
La Redoute 14⅛ 85 FFr	125	91⅛	92⅛	+0⅛	+0⅛	17.38
OKB 14 86 FFr	400	92⅛	93⅛	+0⅛	+0⅛	16.37
Solvay et C. 14⅛ 86 FFr	200	92⅛	93⅛	+0⅛	+0⅛	17.14
Swed. E. Cr. 14⅛ 86 FFr	250	93⅛	94⅛	+0⅛	+0⅛	16.59
U. Mex. Sta. 14 85 FFr	150	91⅛	92⅛	+0⅛	+0⅛	17.21
Acona 14 85 £	20	91	92	0	−0⅛	17.15
Beneficial 14⅛ 90 £	20	84⅛	85⅛	+0⅛	−0⅛	17.66
BNP 13⅛ 91 £	15	85	86	+0⅛	+0⅛	16.72
CECA 13⅛ 88 £	25	90⅛	91⅛	+0⅛	+0⅛	15.98
Citicorp O/S 13⅛ 90 £	50	87⅛	88⅛	−0⅛	+0⅛	15.76
Fin. Ex. Cred. 13⅛ 86 £	15	90⅛	91⅛	+0⅛	0	16.75
Gen. Elec. Co. 12⅛ 89 £	50	85⅛	86⅛	0	−0⅛	15.94
Hiram Walker 14⅛ 86 £	25	93⅛	94⅛	−0⅛	−0⅛	16.32
Privatbanken 14⅛ 88 £	12	89⅛	90⅛	0	−1	17.16
J. Rothschild 14⅛ 90 £	12	89⅛	90	+0⅛	−0⅛	15.62
Royal Trustco 14 86 £	12	93⅛	94⅛	+0⅛	0	16.15
Swed. Ex. Cr. 13⅛ 86 £	20	91⅛	92⅛	+0⅛	−0⅛	16.41
Akzo 9⅛ 87 LuxFr	500	87⅛	88⅛	−0⅛	+0⅛	12.75
Euratom 9⅛ 88 LuxFr	500	87⅛	88⅛	−0⅛	+0⅛	12.85
Eurofima 10⅛ 87 LuxFr	500	92⅛	93⅛	0	+0⅛	12.28
EIB 9⅛ 88 LuxFr	600	88⅛	89⅛	+0⅛	+0⅛	12.37
Volvo 9⅛ 87 LuxFr	500	86⅛	87⅛	+0⅛	+0⅛	13.09

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅛ 90	0⅛	99⅛	99⅛	19/5	14⅛	14.32
Bank of Montreal 5⅛ 91	0⅛	99⅛	100⅛	29/4	17.06	17.15
Bank of Tokyo 5⅛ 91	0⅛	99⅛	99⅛	10/6	13⅛	13.25
Bk. Nova Scotia 5⅛ 93	0⅛	99⅛	100⅛	29/4	17.06	17.08
BRL Int. 5 88	0⅛	99⅛	100⅛	20/5	13⅛	13.55
BFCE 5⅛ 88	0⅛	99⅛	100⅛	26/4	16.94	16.96
BFCE 5⅛ 87	0⅛	99⅛	100⅛	27/7	16⅛	16.75
Christiania Bk. 5⅛ 91	0⅛	99	99⅛	5/2	15.56	15.68
Co-Bkn. Eurofin 5⅛ 91	0⅛	99⅛	99⅛	14/4	16.69	16.88
Den Norske Cred. 5⅛ 93	0⅛	97⅛	97⅛	4/8	13.66	13.89
Genfinance 5⅛ 92	0⅛	98⅛	99	20/8	15⅛	15.54
Giro und Bank 5⅛ 91	0⅛	98⅛	99⅛	23/3	14.06	14.15
GZB 5⅛ 92	0⅛	98⅛	98⅛	5/3	13⅛	13.77
Ind. Bank Japan 5⅛ 88	0⅛	98⅛	99⅛	3/6	13.31	13.50
Lloyds Eurofin 5⅛ 93	0⅛	99⅛	100⅛	29/4	17.13	17.15
LTCB Japan 5⅛ 89	0⅛	99⅛	99⅛	16/7	15.31	15.41
Midland Int. Fin. 5⅛ 91	0⅛	100⅛	100⅛	30/4	17.06	17.06
National Fin. 5⅛ 88	0⅛	99⅛	100⅛	25/3	17.31	17.78
Nt. Bk. Canada 5⅛ 91	0⅛	98⅛	99⅛	26/4	17.31	17.33
Nat. West. Fin. 5⅛ 91	0⅛	99⅛	99⅛	15/7	15.19	15.78
Nat. West. Fin. 5⅛ 92	0⅛	99⅛	100⅛	27/4	17	17.02
Nordic Int. Fin. 5⅛ 91	0⅛	98⅛	99⅛	6/5	15⅛	15.80
Offshore Mining 5⅛ 91	0⅛	98⅛	99⅛	2/6	13	13.18
Pemex 6 91	0⅛	99⅛	100⅛	27/4	17	17.48
PKbanken 5⅛ 88	0⅛	98⅛	99⅛	17/6	14⅛	14.54
Senwa Int. Fin. 5⅛ 86	0⅛	100⅛	99⅛	24/3	17⅛	17.31
Scotland Int. 5⅛ 92	0⅛	98⅛	99⅛	20/7	13⅛	14.15
Sec. Pacific 5⅛ 91	0⅛	98⅛	98⅛	24/5	13⅛	13.43
Societe Generale 5⅛ 91	0⅛	98⅛	98⅛	27/7	15⅛	15.36
Standard Chart. 5⅛ 91	0⅛	98⅛	98⅛	18/5	13.31	13.55
Sumitomo Fin. 5⅛ 88	0⅛	99⅛	99⅛	6/2	19.56	19.71
Average price changes... On day 0 on week 0						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	97⅛	99⅛	−1⅛	1.19
Bow Valley Inv. 8 95	4/81	23.12	96	97⅛	−0⅛	41.63
Canon 6⅛ 95	1/81	629	105⅛	110⅛	+0⅛	7.52
Daiwa Secs. 5⅛ 96	12/81	513.2	77⅛	79⅛	0	−2.54
Fujitsu Fanuc 4⅛ 96	10/81	6770	107⅛	109⅛	−1⅛	5.21
Furukawa Elec. 5⅛ 96	7/81	300	123	124⅛	0	−2.94
Hanson O/S Fin. 9⅛ 96	8/81	1.70	92⅛	93⅛	−1	76.93
Hitachi Cable 5⅛ 96	2/82	516	105	106	...	1.61
Hitachi Cred. Cpn. 5 96	7/81	1773	94⅛	95⅛	−0⅛	4.73
Inchcape 8 95	2/81	4.85	156	157⅛	+0⅛	9.84
Kawasaki 5⅛ 96	9/81	229	77⅛	79⅛	−0⅛	6.30
Marui 6 96	7/81	889	100⅛	101⅛	0	11.82
Matsushita El. 7⅛ 95	11/80	590	87	88⅛	−0⅛	4.47
Minolta Camera 5 96	10/**	909	71⅛	72⅛	0	12.18
Minebea 5⅛ 97	5/82	8.15	96⅛	97	−0⅛	5.49
Murata 5⅛ 96	7/81	2190	77⅛	79	0	22.59
NKK 5⅛ 96	7/81	186	98⅛	97⅛	−1⅛	−1.58
Nippon Chemi-C. 5 91	10/81	979	72⅛	74⅛	−0⅛	3.79
Nippon Electric 5⅛ 97	2/82	848	100⅛	101⅛	+0⅛	3.07
Orient Finance 5⅛ 97	3/82	1587	93	94⅛	−1	6.79
Sanyo Electric 5 96	10/81	652	78⅛	79⅛	0	10.24
Sumitomo Met. 5⅛ 96	10/81	305	79⅛	81	−0⅛	5.99
Swiss Bk. Cpn. 6⅛ 90	9/80	191	172⅛	174⅛	0	19.90
Taylor Woodrow 8⅛ 90	1/81	4.94	165	167	−2	−6.85
Konishiroku 6 90 DM	2/82	686	101⅛	102⅛	−0⅛	1.12
Mitsubishi H. 6 89 DM	2/82	263	101	102	0	5.22

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

N. AMERICAN QUARTERLIES

ALASKA AIRLINES

Year	1981 $	1980 $
Revenue	181.9m	130.85m
Net profits	7.67m	5.13m
Net per share	1.06	1.04

ALCO STANDARD

First quarter	1981-82 $	1980-81 $
Revenue	710.2m	579.2m
Net profits	13m	12.2m
Net per share	0.63	0.61

CELANESE CANADA

Fourth quarter	1981 C$	1980 C$
Revenue	97.1m	86.8m
Net profits	2.92m	8.42m
Net per share	0.21	0.62
Year		
Revenue	373.0m	336.2m
Net profits	20.44m	24.25m
Net per share	1.47	1.74

FIELDCREST MILLS

Fourth quarter	1981 $	1980 $
Revenue	149.5m	157.1m
Net profits	2.61m	7.35m
Net per share	0.68	1.96
Year		
Revenue	526.2m	527.2m
Net profits	9.51m	17.47m
Net per share	2.49	4.66

ROYAL TRUSTCO

Year	1981 C$	1980 C$
Revenue	1.45bn	1.14bn
Net profits	39.36m	37.49m

STANDARD BRANDS PAINT

First quarter	1981-82 $	1980-81 $
Revenue	56.1m	52.9m
Net profits	2.79m	3.72m
Net per share	0.52	0.69

ZAPATA CORPORATION

First quarter	1981-82 $	1980-81 $
Revenue	121.3m	94.3m
Net profits	22.69m	14.52m
Net per share	1.06	0.68

INTERNATIONAL COMPANIES and FINANCE

Dividend halved as profit falls at Swiss Volksbank

BY JOHN WICKS IN ZURICH

SWISS VOLKSBANK, which last year ran into heavy losses on silver trading, reports a net profit of SwFr 36m ($19.1m) for 1981, down sharply from the SwFr 68.9m of 1980.

The bank, which carried out a major management reshuffle as a result of the silver trading losses which had to be covered by a SwFr 137.8m provision from hidden reserves, also plans to cut its dividend by half to 7 per cent.

Speaking at a Press conference in Berne, Mr Walter Ruegg, the general manager, said yesterday that the Swiss central bank made dollar deposits available to the Volksbank at "favourable" interest rates last summer, which had been used to "facilitate and stabilise" dollar refinancing and had had only a marginal effect on the bank's results.

Mr Ruegg said a dividend cut would have been necessary even had the silver losses not occurred. However, the necessary liquidation of hidden reserves had played a part in determining the level of the 1981 pay-out. The bank now intended to raise the dividend level "gradually" in future, in keeping with profit developments.

Last year's profits setback resulted largely from a 13.5 per cent fall in net interest earnings last year to SwFr 145.7m. At the same time, the results from precious metals trading, excluding silver losses, were disappointing and offset a marked increase in earnings from foreign exchange transactions.

Combined profits from these two divisions declined by 9.2 per cent to SwFr 61.3m while income from securities fell by 32.8 per cent to SwFr 30.5m.

Net commission income rose, however, by 13.1 per cent to SwFr 145.8m over the year, partly because of a 30 per cent increase to SwFr 2.45bn in fiduciary accounts.

The balance sheet total rose by 5 per cent in 1981 to SwFr 18.76bn. Customers' deposits increased by 8.6 per cent to SwFr 14.78bn, or by 5.8 per cent excluding precious metal accounts. Advances rose by 3.7 per cent to SwFr 14.26bn because of what the bank calls a policy of "controlled loan growth." The percentage of foreign assets within the balance sheet dropped to 16.9 per cent from the 19.1 per cent at the end of 1980.

Dr Franz Leibenfrost

Semperit dips further into the red

By Paul Lendvai in Vienna

SEMPERIT, the Austrian tyre group, has moved deeper into the red and is negotiating an injection of fresh capital with its major shareholder, Creditanstalt Bankverein.

Dr Franz Leibenfrost, the director general, said yesterday that the company's losses for 1981 were "considerably larger" than the Sch 145m ($8.8m) suffered in 1980.

The chief executive declined to quote concrete figures before the annual report is presented this spring. But he did confirm that the weakness of the tyre market, notably lorry tyres, was mainly responsible for the setback.

Last year Creditanstalt put Sch 285m into Semperit, whose accumulated losses totalled Sch 1.03bn at the end of 1980, against capital and reserves of Sch 1.71bn.

The board is in the middle of a stringent saving and rationalisation programme. Production staff last year was reduced from 8,700 to 8,000. According to press reports Semperit's tyre plant in Ireland has been placed on short time working.

The air of pessimism now hanging over Semperit contrasts strikingly with the confidence of last summer, when the company could point to good sales growth for the first five months of 1981.

Dr Leibenfrost came into Semperit in 1979 as part of an injection of new management by Creditanstalt. The company's loss of Sch 145m for 1980, compared with Sch 296m in 1979 and Sch 600m in 1978.

Setback for Swiss engineer

By Our Zurich Correspondent

NET PROFITS of Maschinenfabrik Rieter, a major Swiss manufacturer of textile machinery, dropped from SwFr 15.3m to SwFr 13.5m ($7.2m) in the year ended October 31, despite a marked rise in turnover from SwFr 316m to SwFr 349m ($186m).

The fall in earnings is attributed largely to difficulties in the world market for spinning machines.

Despite the drop in profits, the company foresees payment of unchanged dividends of SWFr 310 per registered share and SwFr 31 per participation certificate.

Revaluation hurts result at Maltese bank

By Godfrey Grima in Valletta

MID MED BANK the former Barclays Bank operation in Malta, reports lower profits for 1981.

Net profits dipped to M£1.5m ($3.7m) from M£1.7m, largely as a result of currency losses following the revaluation of the Maltese pound. In general, banking activity was healthy.

Current, savings and deposit accounts grew from M£48.1m to M£60.1m. Advances and loans to customers, reflecting the bank's increased participation in Malta's economic development, increased to M£67.2m from M£61m.

Dutch property group plans new U.S. fund

BY CHARLES BATCHELOR IN AMSTERDAM

AMNEDVAST, the Dutch property group, is to establish a new fund—Amned Finance—to invest in U.S. commercial property.

Amned, a Netherlands Antilles-based subsidiary, will specialise in funding "all-cash deals." These cover projects where the developer has arranged building finance but not long-term finance, and property on which mortgage repayments are either complete or almost complete.

Amned initially hopes to issue $10m worth of shares of $5,000 nominal each. It may eventually issue $40m worth of capital.

Amned will lend U.S. property developers up to 75 per cent of the value of the property involved over seven years at 11.5 per cent. In addition the developer will pay Amned half of any increase in the value of the property over the life of the loan.

Amnedvast is a joint venture established by two Dutch mortgage and property banks.

Dutch investment in the U.S. has been rising in recent years and is currently estimated to total around Fl 4.5bn ($1.75bn).

James Buxton sums up the dilemma facing an Italian oil group

AGIP adopts free market tactics

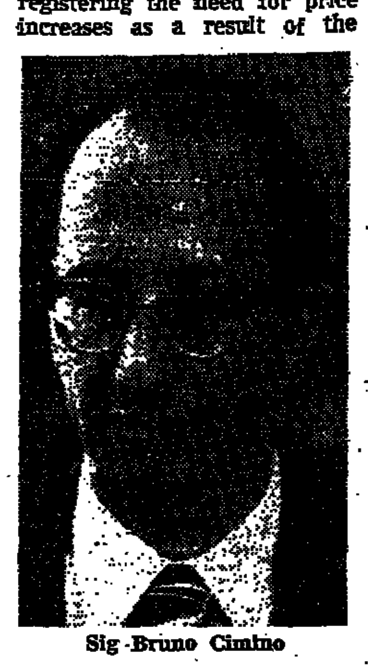
AGIP, the Italian state oil company whose historic objective has been to strengthen Italy's foreign-based oil production capacity, last year had to spurn some of its expensively developed sources of supply. For a time it stopped altogether taking its own crude from both Libya and Nigeria because those countries were demanding prices that were too high.

Out of a theoretical foreign-based production capacity of about 16m tonnes a year — bigger than any other European oil company outside the major groups — AGIP only took a total of 10m tonnes. By neglecting its own sources of supply — and concentrating on the free world market — it has managed to stem losses which reached L125bn ($100m) in the first half of 1981. It now expects to have broken even overall for last year.

AGIP, which is part of the ENI group, has the task of supplying and distributing that part of Italian petroleum products needs which are not met by the multinationals and independents, amounting last year to about 40 per cent. But for much of last year, while both Libya and Nigeria were asking uneconomic prices, AGIP was denied access to cheap Saudi Arabian crude on a state-to-state basis. However, the middle of last year brought a turning point.

To protect itself AGIP gradually ran down the quantity of oil it took from Libya and Nigeria until it stopped lifting altogether. It only resumed taking supplies towards the end of the year when the official price had been reduced and has recently stopped lifting Libyan crude again. Meanwhile, last August, it signed a state-to-state crude supply deal with Saudi Arabia, which, it was agreed in January, will become the basis of a long-term contract.

But the problems of the Italian market make profitability very difficult. The Government tightly controls the price of every petroleum product, supposedly in accordance with a formula agreed with the oil companies. But because of its natural reluctance to fuel inflation it allowed product price rises only some weeks or even months after they had been justified by the formula, which was continually registering the need for price increases as a result of the



Sig Bruno Cimino

sharp rise of the dollar against the lira.

For the first 10 months of last year all oil companies operating in Italy lost about L1,500bn.

Crude oil refining in Italy has become increasingly uneconomic recently, anyway, because of its need for a high proportion of unremunerative heavy fuel oil—which Italy uses far more extensively for heating than in most other countries. Italy's oil refining industry, which used to be a big supplier of products to other countries, has been even worse hit than those of other European countries. It is now operating at less than half capacity and oil companies are increasingly supplying Italy with products refined elsewhere rather than crude. It falls to AGIP to give Italy a more balanced oil supply and utilise oil refineries: it has maintained its crude supply, bringing in 45m tonnes last year, which accounted for 53 per cent of the Italian crude oil supply. But the state company only

> The high prices demanded by Nigeria and Libya caused Agip to switch buying policy last year. Instead of feeding off own foreign-based production, the company turned to cheaper free market oil supplies, and as a result has managed to curb its heavy operating losses

provided 40 per cent of all products.

Agip has therefore joined the non-state owned oil companies in arguing for the decontrol of at least some product prices to ensure more economic operations and to prevent the foreign companies with loss-making integrated operations leaving Italy altogether—Amoco and Total have indicated their desire to do so and BP and Shell left in the 1970s. If that happened, Italy would be supplied with crude mainly by Agip, while independent operators supplied products. This, Sig Bruno Cimino, Agip's chairman, argues, would be bad both from the economic point of view and from the point of view of security of supply.

But with its unfortunate recent experience in drawing much of its crude production from two Organisation of Petroleum Exporting Countries hawks, and the loss of its production capacity in Iran because of the revolution, Agip is, like most oil companies, trying to build up its non-OPEC sources of supply. It plans to divide its future investment equally between the OPEC and non-OPEC countries.

Of the 93 wells that Agip was involved in drilling in January 1981, no less than 43 were in Italy itself: Italy is a very small oil producer, yielding 1.5m tonnes last year, but it has bigger though declining reserves of gas, producing 10.7m tonnes oil equivalent last year. Agip hopes to be able at least to keep Italian production at its present level.

Last year some 65 per cent of Agip's investment spending of L1,800bn went on exploration against estimated turnover of more than L14,000bn and the investment budget alone for this year is L2,000bn. Outside Italy, its main exploration activities are in Egypt, Nigeria, Ivory Coast and Angola, while it is spending heavily on developing its production facilities in the North Sea.

Though the whole Agip group accounts for about two-thirds of the turnover of its parent company, ENI, it is in effect self-financing, drawing on its own cash-flow and on Euromarket borrowing on its own account for investment funds. It recently borrowed $200m for the development of the Maureen field in the British part of the North Sea in which it has a participation.

Five Bahrain offshore banks show growth

By Mary Frings in Bahrain

FIVE OFFSHORE banks operating from Bahrain have reported improved profits for last year.

Gulf Riyad Bank, in which the shareholders are Riyad Bank with 60 per cent and Credit Lyonnais with 40 per cent, lifted net earnings in 1981 by 30 per cent to US$5.2m. Loans and advances were up from $250m to $421m. The bank was established in 1978, and, as with the other banks, is an exempt company (EC) under the Bahrain foreign ownership rules.

Profits at European Arab Banks (Middle East EC) were up 72 per cent to $3.1m and lending from $159m to $249m.

Earnings growth at FRAB-Bank (Middle East EC) was slower with a 10 per cent increase to $1.9m. Loans were up 46 per cent to $98m.

Another consortium bank, BAII (Middle East EC), which in 1980 operated as BAII Middle East, incorporated in Panama, improved its profits by 60 per cent to $2.4m while lending was up 11 per cent to $194m.

Arab Asian Bank EC showed a profit of $5m for the 11 months since its change to EC status from a subsidiary of Arab Malaysian Development Bank. Loans more than doubled to $312m.

Philips unit in RCA deal

By Our Financial Staff

SIGNETICS CORPORATION, a U.S. subsidiary of the Dutch Philips electrical group, has signed an agreement with RCA Corporation to design and develop a new series of high-speed semiconductor logic chips that will be faster and less error-prone than other devices.

Signetics said the new devices, known as CMOS (complimentary - metal - oxide - semiconductor) chips, would be used in electronic data processing equipment which at present uses low-power so-called schottky devices.

The CMOS chips would be designed to do the job of schottky devices at the same speed but with only one-thousandth as much power.

Signetics said CMOS chips also provided a noise immunity advantage, reducing the possibility of error. The new devices are expected to be on the market in the second half of this year.

Motor sector losses hit earnings at Storebrand

BY FAY GJESTER IN OSLO

DESPITE improved investment income, Storebrand, Norway's largest insurance company, suffered a drop in pre-tax profits for 1981 to NKr 200m ($33.6m) from NKr 242m a year earlier.

Profits have been hit by "rather poor results" from non-life insurance, notably motor underwriting. Investment income, in contrast, was a record at NKr 255m, against NKr 195m.

Mr Jannik Lindbaek, managing director, said the overall result was satisfactory, primarily thanks to high financial earnings.

Profits on insurance activities in Norway had fallen by NKr 85m from a year earlier and the downward trend was likely to continue this year, despite planned increases in premiums.

Car insurance showed a loss in 1981, after an 8 per cent cut in premiums in 1980, and even this year's increase would probably not be enough to put this sector back in the black.

It had also been a bad year for industrial fire insurance, with four factory fires alone resulting in claims totalling NKr 260m.

Storebrand administrative costs rose by 22 per cent—a worrying development, said Mr Lindbaek, in view of the relatively limited growth in volume. The increase in costs should be slowed over the coming years by recent investment in computer processing.

Gross premium income in 1981 reached NKr 2.88bn compared with NKr 2.61bn. Foreign business rose by 17 per cent to NKr 1.3bn, and Norwegian business by 6 per cent to NKr 1.58bn.

● Henriques Bank, the small Danish commercial bank which is a member of the consortium which raises loans abroad on behalf of the Kingdom of Denmark, reported net profits for 1981 of DKr 2m ($260,000) compared with DKr 9.2m in 1980. The dividend will remain an unchanged 8 per cent, writes Hilary Barnes in Copenhagen.

The bank's assets increased from DKr 540m to DKr 653m.

Schmidt aid pledge to Ruhrstahl

By Jonathan Carr in Bonn

HERR HELMUT SCHMIDT, the West German Chancellor, confirmed yesterday that the Federal Government would provide substantial assistance for Ruhrstahl, the new company which will emerge from the planned merger of the steel operations of two of West Germany's largest steel concerns, Estel Hoesch and Krupp.

In a newspaper interview, the Chancellor welcomed the link-up announced by the supervisory boards of the two companies last week as a means of protecting jobs in the steel industry. The companies have announced that significant government help will be decisive if they are to undertake investment of around DM 4.5bn ($1.92bn) for restructuring over the next six years.

But the Bonn Economics Ministry made it clear yesterday that government help would depend on a realistic proposal from the two companies for a restructured business. No such proposal had yet been received.

Sentrachem-Triomf discuss merging fertiliser divisions

BY JIM JONES IN JOHANNESBURG

DISCUSSIONS ARE taking place between Sentrachem and Triomf Fertiliser which could result in the creation of a near monopoly in the South African fertiliser industry. The talks centre on a merger of Sentrachem's wholly-owned Fedmis fertiliser division and the troubled Triomf company.

Turnover and operating profit figures are not disclosed by either Triomf or Fedmis. Last year, Triomf deconsolidated its operating subsidiaries and now simply discloses dividends received from them. Fedmis, which became a wholly-owned subsidiary of Sentrachem in 1980, has its result consolidated with those of its parent.

Both companies, however, have warned that export markets for phosphate fertilisers are poor. Last October, Triomf cautioned that sharply reduced phosphoric acid sales from Brazil could mean a one third cut in Triomf's dividend from the 45 cents paid in 1980.

Fedmis completed a R16m ($16.3m) extension to its phosphoric acid plant in the year ended June 30 1981 and said in its last annual report that the depressed phosphoric acid export market might take some time to recover. Agricultural raw materials contributed 39 per cent of Sentrachem's R121m income before tax and finance charges in financial 1981.

In 1980, the last year for which figures are available, Triomf had a turnover of R431m and a pre-tax profit of R47.4m. Its entire profit and turnover came from fertilisers.

Local demand for fertilisers remains extremely buoyant, and Fedmis and Triomf have had a market-sharing agreement for several years. However, industry analysis believe that a merger is probably being negotiated to consolidate the two companies' position ahead of the entry into the market of another major competitor.

Fedfood plans rights issue

By Our Johannesburg Correspondent

FEDFOOD, the diversified South African food group, is to raise R30m ($30.6m) of additional equity capital by a rights issue of ordinary shares and unsecured subordinated convertible debentures. The issue of ordinary shares will raise R10m and the debentures issue R20m. The terms of the offer have yet to be decided.

Fedfood says it is in a strong growth phase and it is necessary to expand its equity base and provide for increased working capital requirements.

In the six months ended September 30, 1981, turnover was R265.2m, an increase of 26.2 per cent on the corresponding period of 1980. First half operating income was R19m against R14.3m. In the year to March, 1981, turnover reached R443.6m and operating income R36m.

Highveld ahead at six months

BY OUR JOHANNESBURG CORRESPONDENT

HIGHVELD STEEL and Vanadium Corporation, the South African steel and ferro-alloys manufacturer, had a good six months to December 31 1981, but its management is cautious on prospects for 1982. Following the merger of De Beers Industrial and Anglo American Industrial (AMIC), Highveld has become a subsidiary of AMIC and is changing its financial year-end to December 31.

Pre-tax profit for the six months was R40.1m ($40.9m) against R34.9m for the same period of 1980 and R73.2m for the year to June 1981. Turnover was R405.7m against R390m for the previous first half and R781.5m for the last full year.

The results reflected the full capacity operations of the company's manganese ferro-alloys plant and strong export demand. Since the year end, however, demand has fallen sharply and two of Highveld's five furnaces have been taken out of operation. The vanadium division was plagued by slack export demand and Chinese competition. Only one out of eight roasting units was operated during the half year.

Steel export revenues were helped by the fall of the rand against the dollar. Despite pressure on export dollar prices export profit margins continued to be satisfactory but Highveld warns that export demand has again weakened.

Capital expenditure of R60m is planned for the construction of a reversing hot strip mill in addition to the construction of a furnace and three pre-reduction kilns at the group's iron plant. A sixth furnace is to be commissioned by the manganese alloys division in June.

An interim dividend of 11 cents, against 10 cents, has been declared from earnings of 38.7 cents a share compared with 33.7 cents. For the year to June 1981 earnings came to 71.6 cents a share and the dividend total was 32 cents.

Income up but Israeli Electric stays in deficit

By L. Daniel in Tel Aviv

INCOME of the Israeli Electric Corporation reached Sh 4.5bn ($300m) in the period April-September—a rise of 135 per cent on the same period of 1980 and slightly above the rate of inflation.

But the company still recorded a deficit of Sh 786m at end September. This was despite the receipt of Sh 776m of compensation from the Israeli Government.

Rothmans Australia sees profits rise to A$10.9m

BY GRAEME JOHNSON IN SYDNEY

ROTHMANS OF Pall Mall Australia will pay a 33 per cent higher dividend to shareholders after an earnings rise of 45.8 per cent, from A$7.48m to A$10.85m ($11.9m) in the half year to end December 1981.

This follows a 48 per cent jump in profit to $15.3m in the year to June 30 last. The effort easily outstrips that of the company's main rivals Philip Morris (Australia) and Amatil. Phillip Morris, for example, was forced to cuts its interim pay-out after a 22 per cent drop in profits to $5.69m in the latest half.

Rothmans has lifted its interim dividend from 15 cents to 20 cents a share and this is covered almost four times by earnings up from 54.4 cents to 79.3 cents a share.

Turnover rose by 7.3 per cent from $257.64m to $276.36m and profit margins — earnings as a percentage of sales — increased from 2.9 per cent to 3.9 per cent. By contrast, Philip Morris's returns were 3.26 per cent, while those at Amatil stand at 2.78 per cent. Tax at Rothmans rose 46.3 per cent, from $6.29m to $9.2m. The company's interest bill however dipped from $1.94m to $1.36m.

Rothmans said the current trend in sales and profits was expected to continue in the second half of the financial year. The full year's profits should be significantly better than in 1980-81, it said.

Nippon Light Metal dismissals

NIPPON LIGHT METAL, the major Japanese aluminum processor is planning to dismiss about 700 workers, a little more than 10 per cent of its total work force, in an attempt to overcome the present industry recession and get back on its feet, AP-DJ reports from Tokyo.

The dismissals are part of a three-year reconstruction plan that also calls for the scrapping of equipment capable of processing about 62,000 tons of aluminum a year.

Nippon Light Metal is the first among Japanese aluminium companies to plan a cutback in its workforce. The aluminum industry has been going through a persistent depression that sprang from a round of oil price rises in the late 1970s.

The company is anticipating a pre-tax loss of Y10bn for the current year to March. Its cumulative debts are estimated at about Y15bn.

WORLD STOCK MARKETS

Early Wall St fall of 7.4

AFTER THE better tone prevailing at the end of last week, Wall Street resumed its fall yesterday morning in fairly active trading.

The Dow Jones Industrial Average was 7.42 weaker at $843.61 at 1 pm, while the NYSE All Common Index retreated 67 cents to $67.12 and declines outpaced gains by a three-to-one ratio. Turnover came to 32.78m shares, against last Friday's 1 pm figure of 36.76m.

Analysts attributed the market's renewed weakness to concern about the growth in the money supply rather than President Reagan's 1983 Budget proposals, which are expected to be modified by Congress.

The M-1 measure of the weekly money supply was down only $1.4bn for the week ended January 27, leaving the aggregate still about $6.6bn above the growth target set by the Federal Reserve.

Analysts said the Fed may further tighten credit restraints as a result, which could send interest rates higher.

Oil issues lost ground as crude oil prices on the spot market continued to decline sharply. **Exxon** shed ¾ to $28¾, **Amoco** ¾ to $40⅞, **Superior** $1 to $32¾, **Kerr-McGee** ¾ to $34½ and **Sohio** $1 to $32⅞.

Pennzoil was volatile, gaining 4¼ to $44⅝ by midday after losing 1¾ in early trading. Some 426,500 shares were traded.

Technology issues weakened, with **IBM** slipping ⅝ to $62⅜, **Digital Equipment** 1⅞ to $85¼, **Honeywell** $1 to $74⅜ and *Modular Computer* ⅞ *to* $7½.

THE AMERICAN SE Market Value Index weakened 3.60 to 281.91 at 1 pm. Volume 2.65m shares (3.05m).

Canada

Oil and Gold issues led markets *sharply and broadly lower in* moderate early dealings yesterday. The Toronto Composite Index was down 15.1 at 1,716.2 at noon, while Golds fell 73.0 to 2,521.6, Oil and Gas 39.3 to 2,973.7 and Metals and Minerals 9.4 to 1,629.6.

Closing Prices for North America were not available *for this edition.*

Tokyo

Stocks finished firmer for choice, reversing the recent downtrend, with Blue Chips putting in the best performance on reports that Saudi Arabia is considering purchasing a number of Japanese stocks.

However, trading volume amounted to only 170m shares, the thinnest so far this year, with investors remaining cautous about a large volume of margin buying position which will fall due this week.

The Nikkei-Dow Jones Average, after losing a further 22.47 in the Saturday half-day session, picked up a modest 5.48 to 7,784.89 yesterday. The Tokyo SE index, 1.63 lower on Saturday, recovered 1.07 to 574.07.

Dealers said there was little reaction to President Reagan's Budget message, with the market awaiting any reaction from European and American markets.

However, uncertainties about U.S. interest rates and consequently the yen-dollar rate continued to overshadow the market, with transaction slackening towards the close. Pharmaceuticals, Non-ferrous Metals and a number of low-priced issues closed lower after opening slightly higher.

Light Electricals, Precision Instruments and Motors were favoured, with **Hitachi** advancing Y11 to Y690, **Toyota Motor** Y30 *to* Y1,050, **Matsushita Electric** Y30 to Y1,260, **Fuji Photo** Y50 to Y1,440 and **Nippon Electric** Y13 to Y887.

Optical Fibres, makers of new ceramic materials and Robot Manufacturers improved, but Steels and Shipbuilders eased slightly.

Hong Kong

The market declined sharply in a moderate business volume, ending just slightly above the day's low on late short-covering.

The weakness was attributed to local press reports that the Chinese Government will treat Hong Kong's new territories as a "special zone," similar to Shenzheng, after 1997 when the current lease expires, with the British Government acting as "manager" for th edistrict.

The Hang Seng Index dipped 43.31 to 1,322.39, the largest one-day fall since November 17 last year.

Among the leaders, **Cheung Kong** lost 80 cents to HK$18.90, as did **Jardine Matheson** to HK$18.00, while **China Light** and **Hutchinson Whampor** shed 60 cents apiece to HK$12.30 and HK$16.70 respectively, and **HK Land** fell 45 cents to HK$8.65.

Elsewhere, **Paul Y** retreated 7.5 cents to HK$4.725, **Tai Cheung** 20 cents to HK$2.60 and **Carrian Investments** also 20 cents to HK$4.80.

Germany

Bourse prices were mixed to easier after light dealings.

Brokers said that investors were guarded in view of the foggy outlook for U.S. interest rates. They also cited speculation that the Bonn Government's investment stimulation programm to revive the economy and combat unemployment may be blocked by the Upper House of Parliament.

Among Steels, which have been in demand lately in expectation of an improvement in the industry's fortunes, **Kloeckner** rose DM 1.80 to DM 64 and **Thyssen** DM 0.20 to DM 79.90. **Hoesche**, *however, which plans to form a* new company with **Krupp Stahl**, shed DM 0.60 to DM 24.90.

Domestic Bond prices closed narrowly mixed also amid uncertainty about the direction of U.S. interest rates. The Bundesbank bought DM 14.2m of public sector Bonds, compared to sales totalling DM 38.2m last Friday.

Paris

Stocks closed mixed but with a firmer bias after moderate activity.

Market analysts attributed some of the buying interest to liquidity arising from sales of Gold Bullion. The Napoeon Gold Coin fell through the FFr 600 level for the first time in more than two years yesterday, closing at FFr 593, compared with FFr 628 on Friday.

Portfolios, Foods, Constructions, Engineerings and Electricals were generally favoured, although some signs of weakness were seen among Banks, Metals and Oils.

Australia

Markets closed on an easier note with some Metal Mining issues providing the weakest spots after late selling.

The All Ordinaries index receded 3.8 to 545.9, while the Metals and Minerals sub-group index declined 6.8 to 394.8 and Oil and Gas 4.3 to 601.4.

Among the Metal Miners, **Western Mining** slipped 10 cents to A$3.90 and **North BH** 5 cents to A$2.45, while **MIM**, after steadily rallying in recent sessions, relinquished 8 cents to A$3.10. However, tin stock **Aberfoyle** rose 20 cents to A$5.40.

Elsewhere, overall market leader **BHP** lost 20 cents to A$9.96. The Blue Chip issue, which has already announced poor steel production results, is due to issue its interim report on Friday.

Several Oil and Gas issues hardened against the trend, with Santos adding 4 cents at A$6.00 and Oil Shale stock Central Pacific 10 cents at 85 cents.

Johannesburg

A declining Bullion price caused Gold shares to lose ground in fairly quiet trading. Losses ranged to 100 cents, as in **Western Deep**, R38.00, while **Randfontein** eased 50 cents to R62.50.

Among narrowly mixed Industrials, **Triomf**, which jumped 55 cents last Friday, was 10 cents higher at R3.35 after news of talks with **Sentrachem** regarding a merger of fertiliser interests. Sentrachem eased 5 cents to R5.65.

COMMODITIES AND AGRICULTURE

Brighter aluminium forecast

By Roy Hodson

INDUSTRY is expected to begin building stocks of aluminium once again during this year. The trend together with increased usage of the metal should raise demand in the non-Communist world by 7 per cent. That forecast, more optimistic than any made recently for the hard-pressed aluminium industry, comes from Péchiney, the French producer which ranks among the big six world aluminium groups.

Péchiney foresees growth in aluminium usage this year for power transmission cables in the industrialised countries—many linked to nuclear power projects—to new growth in packaging, and a long-term trend to the use of more aluminium in road vehicles. The group believes this trend is gathering strength because of the need for fuel economy.

In a new review of the world aluminium situation Péchiney reports that world stocks of unsold metal have risen to some 5m tonnes, that the United States has shut down 1.2m tonnes of annual production capacity, and that the high cost of financing metal stocks was slowing the growth of smelter capacity in many countries. Japan has cut its production from 1.6m tonnes a year to only 540,000 tonnes.

Péchiney reports that a decline in demand for aluminium in France last year of 18 per cent was sharper than in other European countries. The contraction in output by the French car industry had its effect on aluminium castings. Production fell about 12 per cent.

Péchiney believes the expected growth in western world aluminium demand will come both from a technical market revival assisted by restocking, and from increased demand

Vanadium use set to increase

WEST BERLIN—World vanadium consumption will rise to an estimated 35,900 tonnes in 1985, 41,200 in 1990, and 46,200 tonnes in 1995, from 1980 consumption of 26,800 tonnes, the Berlin Economic Institute predicted in its latest market forecast.

However, it said the outlook depended on major pipeline projects in Siberia, Alaska, and the North Sea.

The U.S. remained the largest vanadium consumer at 22 per cent of world use, followed by the Soviet Union (20 per cent), Japan (12 per cent), and West Germany (10 per cent).

Reuter

Lead and zinc fall after Irish strike settlement

BY JOHN EDWARDS, COMMODITIES EDITOR

SETTLEMENT OF the seven-month-old at Tara Mines in Ireland brought lower lead and zinc prices on the London Metal Exchanges yesterday. The decline was helped by generally depressed conditions that hit copper and other base metals too.

The exception was tin, where the cash price was only marginally below the record level reached last week, in spite of a big rise in warehouse stocks. Cash lead closed £13 down at £330.5 a tonne, following news that Asarco had reduced its domestic U.S. selling price by a further 2 cents to 28 cents a lb and another U.S. producer later followed the cut.

Cash zinc lost £8.5 to £448.5 a tonne, although traders claimed that the Tara settlement, finally approved by the company late Friday night, had already been largely discounted. Hoding up zinc prices was a fall of 2,675 tonnes in LME warehouse stocks reducing total holdings to 65,275 tonnes.

Nickel holdings were also lower, by 288 tonnes making total hodings 1,908 tonnes. But stocks of all other metals traded on the Exchange were up. Copper stocks rose by 925 to 124,900 tonnes; lead by 850 to 61,375; aluminium by 2,675 to 170,500; and LME silver holdings by 20,000 to 32,910,000 ounces.

Tin stocks jumped by 3,740 to 20,350 tonnes—the highest level at east since the 1930s. Cash tin, however, closed only marginally lower below the record price of £8,970 reached ast week and £9,000 was again paid for tin delivered later this month.

The market remains highly nervous waiting to see whether the move to set a maximum limit of £120 a tonne for the premium over the cash tin price, for delivery the following day, will be successful in avoiding a supply crisis on two key dates — February 25 and 26. Some traders feel that the buying group, which has dominated the market since last July and now holds the bulk of available supplies, is content to collect the £120 premium but is maintaining its grip by "lending" (selling nearby supplies and simultaneously buying a similar amount for delivery at a forward date). If this is the case, the "squeeze" on the market could be sustained for some time.

However, the Straits tin price in Penang was sharply lower over the weekend, following the end of the Chinese New Year holiday. News of a 48-hour stoppage at the Bolivian tin mines, to protest at new economic measures there, had no impact on the London market. Nor did reports of the Malaysian production cutback plans, which would take some time to affect the available supply bearing in mind the very low level of present demand. Formation of a producer cartel would also take some time to have any effect, it is argued.

Traders pointed out that the Exchange would not have been forced to interfere in the market, but for the disruption created by the buying group, which is believed to be acting on behalf of Malaysian and possibly some other producing countries.

Tea growers study exports

BY K. K. SHARMA IN NEW DELHI

REPRESENTATIVES of leading tea exporting countries including China, Argentina, Indonesia, Kenya, Sri Lanka and India, yesterday began a five-day meeting in New Delhi on the allocation of global tea export quotas, under the auspices of and United Nations Commission on Trade and Development (Unctad).

Mr Shivraj Patil, India's Commerce Minister, opened the conference which will also consider a draft framework of an international agreement on tea jointly prepared by the secretariats of Unctad and the Food and Agriculture Organisation (Fao). This provides for international supply management measures mainly through export quotas backed by buffer stocks.

Mr Patil suggested that the draft framework should provide for the export of value-added teas. He called for the redefinition of the concepts of global export quotas, basic export tonnage and country export quotas.

Stressing that developing countries could not afford to undersell one another, either with government subsidies or through other measures, Mr Patil said steps envisaged under the draft framework were designed to influence prices to be remunerative to producers and reasonable for consumers.

The draft agreement, drawn up in Nairobi last September, has already been agreed by India, Sri Lanka and Kenya, the world's largest tea producers and exporters. It calls for price stabilisation through the establishment of minimum prices, export quotas and the adoption of a buffer stock system.

There has been no effective world tea agreement since the Second World War, but pressure for a new one has been strengthened by a serious decline in prices in recent years. With China and new producing countries exporting large quantities, world tea prices have fallen 25 per cent between 1972 and 1980.

P. C. Mahanti writes from Calcutta: Immediately before the opening of the meeting the Indian Tea Board released export figures showing record sales of 245.7m kilos for 1981. This compares with a target of 235m kilos and an export level of 224m kilos achievd in 1980. The previous record was in 1956 when India exported 237.5m kilos.

According to the Tea Board countries like Russia, Iraq and Australia bought more than the usual annual quantities. However, the industry does not think that India will get an annual export quota of more than 210m/230m kilos under the agreement, judging from the various formulas discussed so far. With an export quota of this order, India is likely to face problems in the near future expecially towards the end of the Sixth Plan, when the country is expected to produce over 700m kilos out of which some 260m kilos would have to be exported.

Rubber at lowest level since 1978

By Our Commodities Staff

NATURAL RUBBER established a new 46-month low yesterday when the RSS No. 1 spot position on the London physical market lost another 0.5p to 47.5p a tonne.

The fall, which reflected overnight losses on the Malaysian market, took the decline in the last week to 3p a kilo. The market has been depressed for some time because of the world economic recession which has badly hit the motor trade—the biggest user of natural rubber.

But after trading in a narrow range around the 50p a kilo mark for some weeks, the price began to slide quickly last week as economic gloom deepened in the aftermath of a renewed rise in U.S. interest rates.

U.S. to reduce cotton acreage

WASHINGTON—The National Cotton Council of the U.S. has predicted that American farmers will reduce their 1982 cotton acreage to 11.8m acres from 14.3m acres last year. The group, representing U.S. cotton farmers, bases its prediction on a survey of 1,700 cotton growers completed in early January.

A statement said the survey indicated that cotton growers in the South-East of the U.S. would reduce acreage by 18 per cent to 635,000 acres and switch that area mainly to winter wheat and soyabeans.

Reuter

Soviet softwood in demand

THERE HAS been an enthusiastic ersponse from softwood importers to the first offer of Soviet softwood for 1982 shipment circulated by Exportles, the Soviet State forest industry selling organisation, two weeks ago. A feature is that a wide cross-section of importing concerns have made application for wood which is often considered the preserve of larger companies.

Although the nominal amount in the schedule was 368,000 cubic metres, sellers appear confident that, subject to counter-offers and negotiations on specification, they will sell their target quantity of just over 1m cubic metres against this schedule.

HONEY MARKET

Sweet bargain times

BY A CORRESPONDENT

BRITAIN'S appetite for honey is modest compared with Germany which, man for man, eats more than three times as much. Yet it is enough to make the UK import more than 17,000 tonnes a year, worth some £12m to packers and considerably more in the shops.

Although prices for honey have risen with inflation and other pressures, they have done so steadily and with more restraint than those of most other items on the grocer's shelves. Consumers should thank in part the multiplicity of producers supplying their market for this. There are more than 30 of them.

Were there fewer suppliers, honey might this year be a target for households economies along with many other non-essentials. But the law of averages has stepped in to curb the excesses that can occur where suppliers are fewer and larger.

The stage was set for Mexico and Argentina, two of the largest shippers of honey to Britain who together account for about a third of imports, to raise their prices sharply in the light of below-average harvests in the season just beginning. Yet they have been deterred from so doing by the fact that Australia, which on its own provides more than a quarter of UK imports, has done so well from its bees in the four-months season now closing.

For Australia, the situation is a swing of the pendulum. A year ago, a big carry-over forced her to slash f.o.b. values by up to A$170 a tonne to achieve sales against massive supplies from Mexico and China. The Australian average price stands currently at about A$720 (£428) a tonne.

Honey in shops varies in price from about 70p a lb for blends—which are not, importers insist, other than pure honey, but mixtures of it—to 130p or so for Greek "hymettos" produced by bees who dine off wild thyme on the slopes of Mount Olympus, and said by devotees to be descended from the Nectar of the Gods. However, Greek supplies to Britain are almost as rare as in the legend, totalling only a few tonnes and being seen little outside a handful of exotic shops.

Almost 90 per cent of the honey arriving in Britain (by volume) comes from seven sources. The price is a pyramid, the lowest figures being the most representative.

Australia dominates the bulk of the market, although producing some types, particularly Tasmanian, of a quality that might not have displeased the gods. The excellence of the country's climate, the unparalleled range of flora and the abundance of space in which to set down hives have however been heavily qualified by the rise in oil prices affecting fuel costs of the itinerant industry.

Yet Australia has managed not only to withstand this and other inflationary strains but to expand output, which was contracting 15 years ago. Today, backed by the latest agricultural research, the country's 500 major producers and many more part-timers form one of the more contented corners of the rural community.

UK honey consumption is slowly growing, but it is a market that will not be hurried, as producers have found to their dismay when prices have been set too high and sales have flagged.

In 1980, for which latest official statistics are available, China supplied just under a fifth of British imports. Last year's proportion is thought to have been higher still, and certainly of a scale to influence the market. Yet in other recent years China's deliveries have shrunk to almost nothing.

Along with Mexico and Argentina, China, as one of the "developing" or GSP, countries, enjoys a 25 per cent tariff, which is slightly lower than the 27 per cent the EEC exacts from Australia and others. So far, the difference has meant little. But that may change in future.

Farmers anxieties discussed

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE RESOLUTIONS to be debated at the National Farmers Union meeting, which opens this morning at Kensington Town Hall in London, provide a good indication of farmers' present anxieties. There is no question that paramount among these are the continuing problems of EEC membership.

Apart from a routine demand for what is called a "real increase in prices at the forthcoming Review," there are more fundamental issues.

Taking its cue, no doubt, from the present French difficulties over imports of Mediterranean products, a resolution from Kent County branch opposes the accession to the Community of Spain and Portugal in view of "the devastating long-term consequences" for UK agricultural and horticulture.

In a related controversy, there is a motion deploring illegal national aids such as those recently given by the French to their farmers, and calling for sanctions against those States which ignore any possible court ruling against them.

There is intense dissatisfaction with the indecisive response of the EEC to the cheap gas provided by the Dutch to their horticulturalists. To say nothing of the suggestion that small dairy farmers in the Community should not have to suffer the full effects of the co-responsibility levy for milk. This last resolution, from the Devon branch, calls for the equivalent of a quota system, making those areas responsible for surpluses liable for the cost of their disposal.

From all this it can be gathered that NFU members are far from pleased with the way in which membership of the Community is working out for them. Yet there is no call for an early withdrawal.

As was to be expected there is endorsement for the NFU/CLA agreement on tenancies—a matter on which the minister refuses to commit himself, and also on the vexed question of fixing farm rents. It will be interesting to find out just how far the NFU/CLA agreement wins votes from the floor.

Not, I would guess, the material for an exciting meeting. Even if controversial resolutions are passed they are, like those at Labour Party conferences, not binding on the NFU Council.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL prices lost ground on the London Metal Exchange. Copper fell to £887 before closing at £891.5, while news of a 2 cents producer price cut by Asarco left lead at £342 on the late Kerb. Lead was also depressed by the latest developments at Tara [illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8960-70	.....	8950-60	—15
3 months	8000-20	—25	7980-90	—67.5
Settlem't	8970	—	—	.....
Standard				
Cash	8960-70	.....	8950-60	—15
3 months	8000-10	—30	7980-90	—67.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Three months £454, 53, 53.5, 54. Afternoon: Three months £452, 53, 53.5, 54, 55, 54.5, 54, 53.5, 54. Kerb: Three months £454, 44.5, 55, 55.5, 56. Turnover: 8,425 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(U.S. cents per pound): Comp. daily 1979 132.22 (132.21): 15-day average 128.59 (125.89).

GAS OIL FUTURES

Prices opened about $1.00 lower and futures traded quietly to reflect a quieter, easier physical market. Later prices eased further in the face of [illegible]

in various American type growths, with North and South American in chief request.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Mar 374, 378, 376-375; May 382, 387 [illegible]

Further tables and reports (COPPER, LEAD, ZINC, NICKEL, SILVER, COCOA, COFFEE, GRAINS, RUBBER, COTTON, SOYABEAN MEAL, SUGAR, MEAT/VEGETABLES, TEA AUCTION, POTATOES): [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 5 1982	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN MARKETS

NEW YORK, February 8

Strong upward moves in interest rates resulted in heavy liquidation in precious metals and copper. The ensuing pressure on foreign currencies generated major arbitrage selling in sugar, cocoa and coffee. Cotton sold off sharply in sympathy with the grains which ran into technical liquidation and commission house selling. The livestock complex came under heavy [illegible]

Live Cattle—Feb. 65 40-63.35 (65.57), Apr. 63.10-63.25 (63 92), June 62.05-62.20, Aug. 60 17-60.30, Oct. 58.35-58.25, Dec. 58.50.

Live Hogs—Feb. 51 00-50.87 (52.37), Apr. 47.70 (49.20), June 49.87-49.87, July 50.65, Aug. 49.40, Oct. 47.20, Dec. 48 45, Feb. 49.55.

‡‡Maize—Mar. 271¼-271½ (273), May [illegible]

[illegible]

EUROPEAN MARKETS

ROTTERDAM, February 8

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

REUTERS

[illegible]

LONDON STOCK EXCHANGE

New Government funding of £750m rounds off drab day featured only by colourful Laker delegation visit

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22

* "New time" dealings may take place from 9.30 am two business days earlier.

U.S. influences yesterday unsettled London stock markets for the third successive Monday. The possibility that the U.S. Budget might keep interest rates high annulled the effect of improved U.S. money supply figures and throughout the session London operators were nervous about the reaction of American financial markets. These fears were seen to be justified when U.S. bonds and equities went sharply easier early yesterday; leading shares here followed to close at the session's lowest.

Gilt-edged securities also weakened, but rallied after the surprise announcement of new Government funding. Immediately following the official close, the authorities announced that a £750m tranche of Exchequer 13¼ per cent 1987, designated "A" had been made available in the Bank of England and that the stock, in £20-paid form, would operate as a conventional tap stock from tomorrow.

Falls among longer-dated Gilts were then reduced from a point to around ⅜ with Exchequer 15 per cent 1997 being quoted at 101 against 100⅞ at 3.30 pm. Trade at both ends of the market was again thin with the shorts noticeably more resilient and only ¼ down on balance. The FT Government Securities index, at 64.68, in keeping with the two previous Monday's, recorded a fairly sizeable loss—0.47.

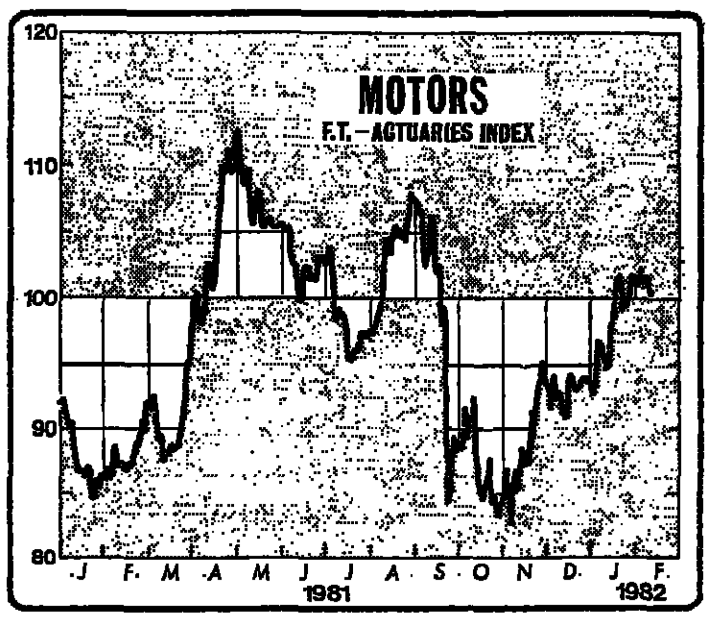
The visit of the Laker Airline delegation to the Stock Exchange Public Gallery provided some colour to an otherwise drab day for market personnel. Lack of investment enterprise allowed dealers to lower values. The downdrift continued throughout and accelerated after-hours on Wall Street's shake-out. Less than two points off at the first calculation, the FT Industrial Ordinary share index went progressively lower to close 7.4 down at 570.7.

Of the sectors, Aerospace issues turned dull again, Dowty ahead of interim results due on Thursday. On the other hand, Insurance brokers benefited from a firm dollar, while Eagle Star attracted renewed speculative interest before settling below the best.

Eagle Star below best

A resurgence of speculative buying on hopes of a bid from the German Allianz Group saw Eagle Star touch 353p in fairly brisk early trading before closing a net 4 up on balance at 348p. Among other Composites, Sun Alliance were supported up to 880p before a close of 873p, up only 5 on the day. Lloyds Brokers were inclined harder helped by currency considerations. Willis Faber stood out with a gain of 10 at 403p, while Minet edged forward a couple of pence to 146p, after 149p.

The Laker Airline collapse continued to deter investment interest in Midland which cheapened 2 more to 335p. Other major clearers were also friendless with Lloyds closing 3 cheaper at 455p and NatWest 2 lower at 428p. Barclays lost 5 to 465p while, following Friday's bright debut, the 16 per cent unsecured loan stock 2002-07 traded quietly and finished ½ off at £26. Elsewhere, the recently firm Smith St Aubyn were quoted ex the £2.7m rights issue; the old closed a fraction off at 36p, while the new nil-paid opened at 10p premium, touched 13p premium and closed at 11p premium. A firm market of late following news of the proposed link-up with Seascope Holdings, marine insurance broker Henry Ansbacher softened around a penny to 17½p on Press suggestions of an imminent rights issue. Revived speculative buying helped First National Finance Corporation to harden a penny to 34½p.



Breweries remained subdued, although an easier trend was discernable after the official close. Grand Metropolitan, 198p, *Greenall Whitley*, 117p, and Bass, 218p, all gave up 3, but Arthur Guinness, the subject of a weekend Press tip, gained the turn to 76p. Regionals, firm last month in the wake of Boddingtons' successful bid for Oldham, were marked lower in an attempt to establish a trading level; Matthew Brown closed 5 down at 168p, while falls of 6 were common to Wolverhampton and Dudley, 214p, and Greene King, 286p. Vaux eased 4 to 125p. Wines and Spirits also finished lower, Arthur Bell, 158p, and Tomatin, 58p, both shedding 4.

Currys under pressure

Losses in the Building sector were usually limited to a few pence. Among the leaders, Blue Circle drifted off to close 6 cheaper at 538p. Against the trend, Aberdeen Construction continued firmly and put on 2 further to 208p.

Fisons were relatively lively following weekend Press mention and touched 250p before settling 3 dearer on balance at 248p. Among other Chemicals, ICI, mainly reflecting the late easier trend, closed a couple of pence lower at 340p. Yorkshire, on the other hand, were firm at 47p, up 3.

Special situations prompted some interesting and varied movements among secondary Stores. Currys featured with a fall of 12 to 184p following adverse comment; fellow electric retailers Comet Radiovision gave up 5 to 123p in sympathy. In contrast, Martin The Newsagent, a rising market of late, were additionally buoyed by the *£3.5m purchase of 25 stores from Sperrings* and at the close was 8 to the good at 290p. Jewellers continued to attract speculative support, notably James Walker, 3 up at 64p, and Asprey, ½ dearer at £11½. Press mention also lifted Ellis and Goldstein, 1½ firmer at 25p, but mail-orders turned easier and Empire, 84p, and Grattan, 102p, shed 4 apiece. Dealings in wholesale clothing manufacturers Ben Williams were suspended at 10p pending an announcement. The leaders lacked support and closed with modest losses.

In common with other market leaders, the Electrical majors reacted late in sympathy with Wall Street and closed at the day's lowest. GEC, at 828p, sustained a loss of 12, while Plessey gave up 5 to 367p, as did Racal, 380p. Elsewhere, *Standard Telephones and Cables* came on offer at 455p, down 10, while Audiotronic were friendless, reacting 1½ to 5½p. Amstrad, on the other hand, followed last week's gain of 30 with a rise of 10 to 340p on renewed demand ahead of today's interim figures. Press comment prompted improvements of about 2 in Dale, 77p, Phicom, 25p, and Air Call, 215p. For the same reason, Sound Diffusion touched 73p but closed only a penny dearer at 72p.

Leading Engineers held up relatively well until the late distinctly easier. Hawker finished 8 down at 334p, while GKN gave up 4 to 182p and John Brown 3 to 62½p. Movements in secondary issues were no worse than mixed. Second-half recovery hopes prompted a rise of 1½ to 15p in D. F. Bevan, but F. H. Lloyd, the subject of recent bid speculation, encountered profit-taking and reacted 3 to 41½p. Weekend Press mention prompted a rise of 3 to 71p in Crown House, while fresh demand in a restricted market left Chemring 7 higher at 225p. Ransomes Sims edged up 3 to 165p, but ML Holdings fell 15 to 290p on further consideration of the half-year figures. Mining Supplies, awaiting Thursday's interim results, eased a couple of pence to 108p.

Davies & Newman fall

Foods drifted lower in a quiet business. Huntley and Palmer eased a couple of pence to 105p, while United Biscuits shed 3 at 122p. Meat Trade Suppliers closed 4 cheaper at 86p following the interim profits setback, but Associated Fisheries provided a bright spot, rising 5 to 78p on further consideration of the *full-year figures*.

Following Friday's jump of 20 on hopes that its Dan-Air airlines will attract extra business in the wake of Laker's demise, Davies and Newman yesterday met profit-taking and closed 14 down at 76p. Elsewhere in miscellaneous industrials, Bestobell remained friendless at 358p, down 8, while Eurofame lost 3 to 9 on adverse comment. Favourable mention, however, helped Lep, 10 up at 295p, Stocklake, 7 better at 128p, and Marshalls Universal 8 higher at 80p. Avon Rubber rose 3 to 123p for a similar reason, as did Sangers, 45p. Speculative support lifted Halma Sleigh and Cheston 2½ to 13p and Standard Industrial 10 to 46p; the latter's interim results are due next month.

Last Thursday's announcement of cutbacks at Burnley-based Lucas Aerospace continued to overshadow companies in the sector. Lucas succumbed to late selling and closed 9 lower at 212p, while Smiths Industries gave up a similar amount to 350p. Dowty reacted to nervous selling *in front of Thursday's* mid-term statement and shed 7 to 119p. In Motor Distributors, Plaxtons firmed 4 to 140p following Press comment.

Leading Oils steady

Leading Oils passed a quiet trading session, but held steady in the face of early dullness on Wall Street. BP and Shell both closed without alteration at 292p and 370p respectively. Among the exploration issues, Candecca reacted 12 to 193p and Carless Capel also met offerings at 142p, down 8. Pict Petroleum eased 5 to 125p.

Overseas Traders were generally out of favour. Lonrho, preliminary results due on Thursday, eased a couple of pence to 84p, while Inchcape gave up 5 to 335p. Fading bid hopes depressed Boustead, which were briskly traded down to 94p, a fall of 9. Gill and Duffus provided an exception, closing 2 harder at 178p; the resignation of the chairman had no apparent effect on sentiment.

Favourable weekend Press mention stimulated interest in Hampton Trust, which put on 2½ to 23½p, and Britannia Arrow, a penny firmer at 47½p. Elsewhere in Financial Trusts, English Association reacted 5 further to 185p following the interim figures. Revived support left Kitchen Taylor 5 higher at 137p.

Shippings trended better in places. Sporadic support left Common Brothers 5 higher at *270p* and *British and Commonwealth* up 3 more at 388p. Milford Docks rose 8 to 158p on a revival of speculative demand.

Tobaccos came under pressure in late trading. Initially firm at 81p, Imps reacted to 79p for a net fall of a penny; the annual results are due on Thursday. Bats, a strong market of late, encountered profit-taking and shed 10 to 421p.

Pengkalen weak

A widespread decline in all sectors of mining markets was sparked off by the weakness of precious and base-metal markets.

Tins were highlighted by the sharp fall in Pengkalen, which relinquished 75 of last Friday's rise of 90 to close at 375p following sizeable selling from Kuala Lumpur and Sigapore; the selling reflected disappointment that the sale of Straits Trading's 26 per cent holding was not followed by a full-scale takeover bid. Other Tins were barely changed in subdued trading.

South African Golds drifted lower throughout the session, depressed by the $5.50 fall in the bullion price to $378.75 an ounce. Little actual selling was seen, but American offerings in the after-hours' trade found the market unwilling and particularly vulnerable at the close. The Gold Mines index gave up 5.1 to 289.7.

The downturn in metal prices coupled with the lower UK equity market prompted widespread losses in London-domiciled Financials. Gold Fields closed 10 off at 475p, Rio Tinto-Zinc a like amount cheaper at 456p and Charter Consolidated 5 down at 250p.

In South Africans, UC Investments fell 10 to 570p; the dividend increase was not known during market hours. "Johnnies" held at £37 ahead of the half-year results.

Depressed overnight domestic markets encouraged persistent small selling of Australians. Bougainville gave up 5 to 70p; the company's full-year results are expected this week. Peko-Wallsend, due to report half-year figures in around two weeks, dropped 15 to 335p.

In the oil and gas stocks, Lennard Oil moved up 3 to 26p reflecting the company's indirect participation in the Petrel 3 oil and gas discovery located off the coast of Australia's Northern Territory.

Interest in Traded Options was centred on Imperial, which accounted for 1,033 calls out of a total of 1,667; the February series was the major attraction with the 60's, 70's and 80's recording 130, 248 and 440 calls respectively. Marks and Spencer recorded 123 calls, the July 160's contributing 108.

FINANCIAL TIMES STOCK INDICES

	Feb. 8	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Feb. 1	A year ago
Government Secs.	64.68	65.15	64.95	64.79	64.40	64.65	69.17
Fixed Interest	65.17	65.26	64.97	64.64	64.42	64.95	70.66
Industrial Ord.	570.7	578.1	574.8	578.0	571.0	572.0	480.9
Gold Mines	289.7	294.8	292.6	282.7	281.8	288.2	340.2
Ord. Div. Yield	5.37	5.31	5.33	5.29	5.35	5.36	7.44
Earnings, Yld. % (full)	9.48	9.37	9.57	9.47	9.58	9.57	16.63
P/E Ratio (net) (*)	13.82	13.99	13.23	13.40	13.25	13.26	7.35
Total bargains	19,088	23,166	19,335	21,168	22,342	20,899	23,141
Equity turnover £m.	—	139.00	153.67	175.15	144.47	139.65	118.29
Equity bargains	—	15,025	16,619	17,107	18,573	18,662	17,011

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

10 am 576.2. 11 am 575.3. Noon 575.1. 1 pm 574.1.
2 pm 573.5. 3 pm 572.8.
Latest Index 01-246 8026.
*Nil=12.27.

HIGHS AND LOWS / S.E. ACTIVITY

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9/81)	262.6 (23/6/81)	558.9 (22/9/80)	43.5 (26/10/71)

—Daily	Feb. 5	Feb. 4
Gilt Edged Bargains	182.2	159.0
Equities Bargains	97.3	107.7
Equities Value	280.9	310.6
5-day Avrge.		
Gilt-Edged Bargains	188.5	191.5
Equities Bargains	111.4	115.3
Equities Value	304.0	325.0

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. or amount	Times covered	Gross yield	P/E ratio
§30	F.P.	12/2	30	29½	Asset Speial 10p	29½	—	—	—	—	—
100	F.P.	12/2	99	96	Baillie GiffordJ'n Tst	98	—				
†	F.P.	—	340	315	⁎Eldridge Pope £1	340	—	9.5	2.9	4.0	18.8
80	F.P.	15/1	84	81	⁎Equipu. 10p	88	—	bd3.1	2.1	5.4	12.6
—	F.P.	—	10	7	F&C Enter. Warrants	7	—	—	—	—	—
58½	F.P.	26/2	65	58½	Fledgeling Invs	62½	—	2.16	1.0	5.0	—
150	F.P.	4/1	165	156	⁎Haytera £1	160	—	10.5	⊕	9.9	⊕
‖	F.P.	—	53	52	⁎Malaysian Tin 5p	52	—	—	—	—	11.4
US$5.30	F.P.	12/2	305	260	Newmarket (1981) 5c	272	+5	—	—	—	—
§10	F.P.	10/12	19	14	⁎Owners Abroad 10p	19	+1½	b0.5	3.1	3.8	11.3
§§	F.P.	—	12	4½	Peek Hldgs	11½	—	—	—	—	7.8
115	F.P.	29/1	128	117	Speyhawk 10p	128	—	bd7.0	2.5	7.8	5.8
—	F.P.	—	5	3½	Viners 1p	4	—	—	—	—	—
46	F.P.	19/2	55	47	⁎York Mount	53	+2	b4.51	3.9	12.2	2.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
§100	£25	—	27	26	Barclays 16% Ln. Stk.	26	−¼
‖	F.P.	12/3	97	86	Habitat 9½% Conv. Uns. Ln. '98-2001	97	+1
‖	F.P.	26/2	112	102	Haslemere Est 9pc Conv Uns Ln. 2001/06	111	—
¶19½	£10	18/3	13	12	Mid-Kent Water 9½% Red. Prf. 1987	13	+½
§100	F.P.	—	100¾	99¾	Nat'wide Bdg. Society 16¼% (17/1/83)	100¾	—
§100	F.P.	—	100¼	100	Do. 15⅝% (7/2/83)	100¼	—
—	F.P.	—	117	105	Viners 10% Cnv. Loan 1986	115	−3

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
2.5A$	F.P.	—	—	244	202	CSR A $1	286	—
15	F.P.	26/1	17/2	19	16	⁎Carlton Real Ests 10p	18½	+½
140	Nil	—	—	23pm	15pm	Davy Corp.	21pm	−2
55	Nil	12/2	5/3	60pm	50pm	Glass Glover	58pm	—
R.2.	Nil	—	—	25pm	20pm	Griqualand 5 cts	25pm	—
25	F.P.	25/1	12/2	50	32	I.C.L.	48	−1
180	F.P.	29/1	26/2	256	212	Kwik-Save 10p	256	—
44	F.P.	8/1	12/2	54	48	Lennons Grp. 10p	54	—
220	Nil	—	—	51pm	50pm	Lovell (Y.J.)	51pm	—
188	Nil	11/2	26/3	38pm	30pm	MEPC	32pm	—
25	Nil	—	—	13pm	10pm	Smith St. Aubyn	11pm	—
50	F.P.	19/1	19/2	58	52	Wearwell 5p	53	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ⁎ With warrants. †† Dealings under special Rule. ⁎ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2) (a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's Change	Stock	Closing price pence	Day's Change
Boustead	94	−9	P. & O. Deferred	137	−1
Bowater	237	—	Pengkalen	375	−75
Carless Capel	142	−8	Smith St. Aubyn	36xr	−½
Eagle Star	348	+4	Sound Diffusion	72	+1
Howden (Alex)	153	—	Sun Alliance	873	+5
Lloyd (F.H.)	41½	−3	Tozer Kemsley	72	−1

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price change	Friday's closing price pence	Day's change	Stock	No. of price change	Friday's closing price pence	Day's change
BAT Inds	16	431	+19	Horizon Travel	10	332	+12
Barclays Bank 16 pc Uns Cap Ln 02/07 £25pd	13	£26¾	—	ICI	10	342	+4
				Midland Bk.	10	337	−1
				Croda Intl	9	82	−2
De Beers Dfd	12	359	+9	Eagle Star	9	344	+4
Minerals & Res	12	408	+5	GEC	9	840	−2
B.H. Props	11	550	—	Shell Trans	9	370	−2
Fisons	11	245	—	Tele Rentals	9	365	+10

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 1	Feb 12	May 13	May 24
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28

For rate indications see end of Share Information Service

Stocks favoured for the call included Lofs, Imperial, Lasmo, De Beers Deferred, Alpine Holdings, Henry Ansbacher, Nimslo, Burmah Oil, Smith St. Aubyn, Barget, Rank Organisation, Debenhams, Woolworths, Trident TV, Dowding and Mills, Premier Oil, British Aerospace, Guinness Peat, TACK, Mitchell Cotts and British Land. Puts were done in Turner and Newall and Hutchison Whampoa. No doubles were reported.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on February 8, 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.0
Albania	Lek	10.04
Algeria	Dinar	7.7900
Andorra	French Franc	11.16
	Spanish Peseta	185.45
Angola	Kwanza	(CM) 62.936
		(T) 65.139
Antigua (S)	E. Caribbean $	5.03
Argentina	Ar. Peso	18,646 (3)
Australia (S)	Australian $	1.7035
Austria	Schilling	30.795
Azores	Portugu'se Escudo	127.80
Bahamas (S)	Ba. Dollar	1.8615
Bahrain (S)	Dinar	0.701
Balearic Isles	Spa. Peseta	185.45
Bangladesh (S)	Taka	38.30
Barbados (S)	Babados $	3.7230
Belgium	B. Franc	(cm) 74.65
		(fn) 83.20
Belize	B $	3.7250
Benin	C.F.A. Franc	558.0
Bermuda (S)	Bda $	1.8615
Bhutan	Indian Rupee	16.99
Bolivia	Bolivian Peso	46.04
Botswana (S)	Pula	1.6710
Brazil	*Cruzeiro ‡‡*	253.72
Brit. Virgin Isles (S)	U.S. $	1.8615
Brunei (S)	Brunei $	3.9275
Bulgaria	Lev	1.7580
Burma	Kyat	12.00
Burundi	Burundi Franc	172.430
Cameroon Republic	C.F.A. Franc	558.0
Canada	Canadian $	2.2500
Canary Islands	Spanish Peseta	185.45
Cape Verde Isle	Cape V. Escudo	67.90
Cayman Islands (S)	Cay. Is. $	1.55125
Cent. Af. Repub.	C.F.A. Franc	558.0
Chad	C.F.A. Franc	558.0
Chile	C. Peso	(Bk) 72.54
China	Renminbi Yuan	3.3880
Colombia	C. Peso	(F) 110.80
Comoro Islands	C.F.A. Franc	558.0
Congo (Brazaville)	C.F.A. Franc	558.0
Costa Rica	Colon	37.28
Cuba	Cuban Peso	1.4885
Cyprus (S)	*Cyprus £*	0.835
Czechoslovakia	Koruna	(com) 11.10
		n/c 19.32
		(T) 18.73
Denmark	Danish Krone	14.37½
Djibouti	Fr.	320 (sg)
Dominica (S)	E. Caribbean $	5.03
Dominican Repub.	Dominican Peso	1.8615
Ecuador	Sucre	(O) 48.31
		(F) 54.54
Egypt	Egyptian £	(U) 1.5425
Equatorial Guinea	Ekuele	370.90
Ethiopia	Ethiopian Birr	(P) 3.8050
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.37½
Fiji Islands	Fiji $	1.5685
Finland	Markka	8.355
France	French Franc	11.16
French C'tyin Af*	C.F.A. Franc	558.0
French Guiana	Local Franc	11.12
French Pacific Is.	C.F.P. Franc	190 (sg)
Gabon	C.F.A. Franc	558.0
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.3950
Germany (West)	Deutsche Mark	4.3950
Ghana (S)	Cedi	5.16
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	111.6520

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	14.37½
Grenada (S)	E. Caribbean $	5.03
Guadaloupe	Local Franc	11.16
Guam	U.S. $	1.8615
Guatemala	Quetzal	1.8615
Guinea Republic	Syli	40.30
Guinea Bissau	Peso	71.55
Guyana (S)	Guyanese $	5.5800
Haiti	Gourd	9.3075
Honduras Repub.	Lempira	3.74
Hong Kong (S)	H.K. $	10.9025
Hungary	Forint	64.4751‡‡
Iceland (S)	I. Krona	17.695
India (S)	*Ind. Rupee*	16.99
Indonesia	Rupiah	636.19
Iran	Rial	150.50(sg)
Iraq	Iraq Dinar	0.55041
Irish Republic (k)	Irish £	1.24525
Israel	Shekel	31.80
Italy	Lira	2,343.0
Ivory Coast	C.F.A. Franc	558.0
Jamaica (S)	Jamaica Dollar	3.3175
Japan	Yen	457.0
Jordan (S)	*Jordan Dinar*	0.629
Kampuchea	Riel	2,234.0
Kenya (S)	Kenya Shilling	19.42
Kiribati	Australian $	1.7035
Korea (Nth)	Won	1.80(II)
Korea (Sth)	Won	1,322.98
Kuwait	Kuwait Dinar	0.530
Laos	New Kip	18.602
Lebanon	Lebanese £	8.9500
Lesotho	Loti	1.8235
Liberia	Liberian $	1.8625
Libya	Libyan Dinar	0.5510
Liechtenstein	Swiss Franc	3.5325
Luxembourg	Lux Franc	74.65
Macao	Pataca	11.36
Madeira	Portug'se Escudo	127.80
Malagasy Republic	MG Franc	558.0
Malawi (S)	Kwacha	1.7200
Malaysia (S)	Ringgit	4.300
Maldive Islands (S)	Mal Rupee	7.3105
Mali Republic	Mali Franc	1,116.0
Malta (S)	Maltese £	0.742
Martinique	Local Franc	11.16
Mauritania	Ouguiya	90.85
Mauritius (S)	M. Rupee	19.52
Mexico	Mexican Peso	49.70
Miquelon	C.F.A. Franc	558.0
Monaco	French Franc	11.16
Mongolia	*Tugrik*	(o) 6.01(II)
Montserrat	E. Caribbean $	5.03
Morocco	Dirham	10.30(sg)
Mozambique	Metical	54.85
Nauru	Australian Dollar	1.7035
Nepal	Nepalese Rupee	24.55
Netherlands	Guilder	4.81½
Netherland Antilles	Antillian Guilder	3.3320
New Zealand (S)	N. Z. Dollar	2.3275
Nicaragua	Cordoba	18.60
Niger Republic	*C. F. A. Franc*	558.0
Nigeria (S)	Naira	1.218101 (sg)
Norway	Norway Krone	11.09
Oman Sul'ate of (S)	Rial Omani	0.640
Pakistan	Pakistan Rupee	19.07
Panama	Balboa	1.8615
Papua N.Guinea (S)	Kina	1.3120
Paraguay	Guarani	(O) 232.13
		(F) 305.00

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exe (A) 982.46
Philippines	Philippine Peso	15.18
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3275
Poland	Zloty	(Cm) 152.56
		(T) 152.56
Portugal	*Portugu'se Escudo*	127.80
Puerto Rico	U.S. $	1.8615
Qatar (S)	Qatar Ryal	6.74
Reunion Ile de la	French Franc	11.16
Romania	Leu	(Cm) 8.29
		(n/c) 20.40
Rwanda	Rwanda Franc	172.53
St. Christopher (S)	E. Caribbean $	5.03
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	5.03
St. Pierre	Local Franc	11.16
S. Vincent (S)	E. Caribbean $	5.03
Salvador El	Colon	4.66
Samoa American	U.S. $	1.8615
San Marino	Italian Lira	2,343.0
Sao Tome & Prin.	Dobra	73.90
Saudi Arabia	Ryal	6.36
Senegal	C.F.A. Franc	558.0
Seychelles	S. Rupee	11.72(sg)
Sierra Leone (S)	Leone	2.2427
Singapore (S)	Singapore $	3.9275
Solomon Islands (S)	Solomon Is. $	1.6785
Somali Republic	Somali Shilling (1)	(A) 11.81
Somali Republic	Somali Shilling (2)	23.80
South Africa (S)	Rand	1.8235
South West African Territories (S)	S. A. Rand	1.8235
Spain	Peseta	185.45
Spanish ports in North Africa	Peseta	185.45
Sri Lanka (S)	S. L. Rupee	38.15
Sudan Republic	Sudan £ (u)	1.6753
Surinam	S. Guilder	3.3320
Swaziland (S)	Lilangeni	1.8235
Sweden	S. Krona	10.69½
Switzerland	Swiss Franc	3.5325
Syria	Syria £	(A) 10.0
Taiwan	New Taiwan $	67.00
Tanzania (S)	Tan. Shilling	15.32
Thailand	Baht	42.60
Togo Republic	C.F.A. Franc	558.0
Tonga Islands (S)	Ha'anga	1.7035
Trinidad (S)	Trinidad & Tob. $	4.4676
Tunisia	Tunisian Dinar	0.947(sg)
Turkey	Turkish Lira	2.6488
Turks & Caicos	U.S. $	1.8615
Tuvalu	Australian $	1.7035
Uganda (S)	Uganda Shilling	160.0
United States	U.S. Dollar	1.8615
Uruguay	Uruguay Peso	(cm) 21.79
		(fn) 21.71
Utd. Arab Emirates	U.A.E. Dirham	6.85
U.S.S.R.	Rouble	1.3312
Upper Volta	C.F.A Franc	558.0
Vanuatu	Vatu	176.90
	Aust. Dollar	1.7035
Vatican	Italian Lira	2,343.0
Venezuela	Bolivar	7.98
Vietnam	Dong	(O) 4.05
		(T) 4.48(II)
Virgin Islands U.S.	U.S. Dollar	1.8615
Western Samoa (S)	Samoan Tala	2.1110
Yemen (Nth)	Ryal	8.41(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6350
Yugoslavia	New Y Dinar	83.0856
Zaire Republic	Zaire	10.400795
Zambia	Kwacha	1.6700
Zimbabwe	Zimbabwe $	1.3425

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 73.20. ** Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (II) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfer. (3) Now one rate.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82

NEW HIGHS (75)

COMMONWEALTH AND AFRICAN LOANS (2)
Aust. 5½pc '81-82 Aust. 6pc '81-82

AMERICANS (4)
Chase Manhattan Gillette
Colgate-Palmolive Quaker Oats

BEERS (1)
Allied-Lyons

BUILDINGS (3)
Aberdeen Cons. Ruberoid
French Kier

CHEMICALS (2)
Hickson & Welch Yorks. Chems.

STORES (2)
Asprey Martin The N'agent

ELECTRICALS (5)
Air Call Philips Lamps
C.A.S.E. Sound Diffusion
Muirhead

ENGINEERING (6)
Assoc. British Molins
Fife Indmar Thyssen
Lake & Elliot Turriff

FOODS (1)
Assoc. Fisheries

INDUSTRIALS (15)
Avon Rubber Sandhurst Mktg.
Beatson Clark Securicor
Berisfords Do. A N-Vtg.
Black (P.) Security Services
G.R. Hldgs. Do. A N-Vtg.
Hanson Trust Sidlaw Inds.
Macpherson (D.) Wolverhampton Steam Laundry
Portals

INSURANCE (1)
Eagle Star

LEASURE (1)
LWT A

MOTORS (2)
Dorada Lookers

NEWSPAPERS (1)
Routledge & Kegan Paul

PAPER (3)
BPC Mills & Allen
Bunzl

SHIPPING (2)
Milford Docks British & Com'wealth

SHOES (1)
Footwear Invest.

SOUTH AFRICANS (1)
Unisec

TEXTILES (1)
Sterling Group

TRUSTS (18)
Bankers Inv. Guardian Inv. Tst.
C.L.R.P. Hill (Philip)
Caledonia Invs. Intl. Law
Charter Trust Lon. & Montrose
Continental Union River & Mercantile
Drayton Cons. Sec. Alliance Tst.
Do. Premier Utd. British Secs.
Eng. & Intl. U.S. Deb. Cpn.
Gen. Scottish U.S. & General Tst.

OVERSEAS TRADERS (2)
Berisford (S. & W.) Steel Bros.

TEAS (1)
Williamson

NEW LOWS (14)

INDUSTRIALS (2)
B. H. Prop. Euro Home

MOTORS (1)
Dowty

OIL AND GAS (5)
British Can. Res. Moonie Oil
Magellan Pet. Weeks (Bermuda)
Do. Pf (Aust.)

OVERSEAS TRADERS (1)
Boustead

RUBBERS (1)
Harrisons Mly. Est.

MINES (4)
Rand London Pacific Copper
North B. Hill Vultan Minerals

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	85	7
Corpns. Dom. & Foreign Bonds	4	11	59
Industrials	207	286	864
Financial & Props.	84	73	349
Oils	13	37	60
Plantations	2	3	19
Mines	15	71	80
Others	68	27	48
Totals	404	593	1,486

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Feb 8 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Feb 5 Index No.	Thur Feb 4 Index No.	Wed Feb 3 Index No.	Tues Feb 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	375.71	−1.1	9.08	4.23	13.86	379.78	379.32	381.29	375.89	295.16
2	Building Materials (25)	334.33	−0.8	13.03	5.18	9.23	337.81	337.78	340.14	333.60	264.83
3	Contracting, Construction (28)	593.11	−0.3	15.67	4.77	7.46	595.15	593.62	592.84	580.09	455.84
4	Electricals (31)	1266.80	−1.3	7.25	2.27	17.62	1283.35	1283.11	1289.88	1276.38	982.89
5	Engineering Contractors (9)	519.15	−0.7	12.17	5.64	9.61	523.05	520.68	518.80	512.63	392.95
6	Mechanical Engineering (67)	199.52	−1.5	10.54	5.48	12.08	202.62	202.39	205.08	201.57	171.80
8	Metals and Metal Forming (12)	178.03	−1.4	6.83	6.84	20.55	180.58	180.30	179.38	176.11	155.75
9	Motors (21)	100.14	−1.7	—	6.65	—	101.90	100.78	102.40	101.13	87.61
10	Other Industrial Materials (17)	409.73	−0.2	7.72	5.59	16.06	410.63	408.71	408.42	400.11	292.34
21	CONSUMER GROUP (198)	294.40	−1.0	12.34	5.62	9.95	297.28	294.99	295.35	291.12	245.38
22	Brewers and Distillers (21)	290.29	−0.9	16.18	6.72	7.44	293.07	289.65	291.96	284.99	263.18
25	Food Manufacturing (21)	283.65	−0.5	14.78	6.03	8.12	285.20	283.74	284.50	281.96	218.84
26	Food Retailing (15)	596.53	−0.1	9.01	3.35	13.51	597.09	590.65	593.80	590.45	431.48
27	Health and Household Products (7)	387.22	−1.4	8.07	4.13	14.56	392.69	392.44	396.37	387.25	264.48
29	Leisure (24)	444.23	−0.5	9.07	4.97	13.90	446.34	445.60	445.30	439.05	347.79
32	Newspapers, Publishing (12)	502.58	+0.5	11.99	6.00	11.05	500.01	498.22	498.16	497.30	435.79
33	Packaging and Paper (13)	145.61	−0.1	13.74	7.40	8.70	145.69	143.75	142.63	143.80	118.80
34	Stores (45)	267.45	−1.6	10.78	5.05	12.40	271.67	270.70	270.10	266.60	259.80
35	Textiles (23)	168.78	—	9.42	5.87	13.68	168.72	168.49	168.28	167.99	130.56
36	Tobaccos (3)	301.83	−2.1	19.17	8.64	5.99	308.16	308.04	292.98	284.37	221.98
39	Other Consumer (14)	278.92	−0.6	6.89	6.48	24.65	280.52	280.27	282.95	279.76	234.04
41	OTHER GROUPS (79)	260.26	−0.1	9.95	5.43	12.71	260.49	258.57	258.27	255.14	234.48
42	Chemicals (16)	347.68	−0.5	5.72	5.38	26.14	349.39	345.87	345.93	343.64	270.16
44	Office Equipment (4)	130.72	−0.5	13.15	6.58	9.13	131.35	131.17	130.80	130.05	101.13
45	Shipping and Transport (13)	584.76	−0.4	18.33	6.32	6.49	587.26	589.52	582.34	572.09	398.86
46	Miscellaneous (46)	322.73	+0.5	11.29	5.01	10.78	321.16	319.08	318.63	312.82	261.56
49	INDUSTRIAL GROUP (487)	317.86	−0.9	10.79	5.08	11.52	320.70	319.82	319.78	315.32	268.71
51	Oils (13)	683.80	−0.1	20.80	8.26	5.45	684.59	685.09	690.09	692.75	803.73
59	500 SHARE INDEX	347.70	−0.8	12.36	5.57	9.80	350.38	348.88	350.61	346.07	308.29
61	FINANCIAL GROUP (117)	259.09	−0.2	—	5.87	—	259.62	258.86	260.05	257.22	214.84
62	Banks (6)	282.34	−0.7	31.91	6.69	3.66	284.29	284.72	285.75	282.07	228.78
63	Discount Houses (9)	235.38	−0.1	—	10.66	—	235.66	232.48	233.60	232.19	205.12
65	Insurance (Life) (9)	258.38	−0.1	—	6.28	—	258.76	258.85	259.95	256.57	258.76
66	Insurance (Composite) (10)	160.52	+0.2	—	8.34	—	160.15	158.56	162.27	158.40	155.95
67	Insurance Brokers (7)	443.67	+1.2	10.03	5.14	13.48	438.39	436.98	437.98	435.12	311.51
68	Merchant Banks (12)	154.26	+0.5	—	5.29	—	153.56	154.50	152.81	150.94	140.77
69	Property (49)	459.52	−0.5	4.64	3.20	28.80	461.66	459.64	460.50	459.03	402.10
70	Other Financial (15)	188.08	−0.5	15.40	5.75	7.94	189.08	188.32	187.82	186.32	172.17
71	Investment Trusts (112)	317.94	+0.2	—	5.09	—	317.24	317.08	316.95	312.77	277.51
81	Mining Finance (4)	236.67	−2.0	14.56	6.01	8.27	241.43	241.71	241.76	236.96	203.31
91	Overseas Traders (17)	433.69	−0.6	11.94	7.34	10.27	436.30	435.26	439.99	426.36	427.94
99	ALL-SHARE INDEX (750)	327.83	−0.6	—	5.64	—	329.93	330.72	330.12	325.87	283.34

FIXED INTEREST

	PRICE INDICES	Mon Feb 8	Day's change %	Fri Feb 5	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	107.41	−0.11	108.17	0.63	1.70
2	5-15 years	102.81	−0.84	103.85	0.18	1.58
3	Over 15 years	105.70	−0.96	106.72	—	0.53
4	Irredeemables	114.71	−0.37	115.13	—	0.00
5	All Stocks	104.96	−0.64	105.90	0.26	1.26
6	Debentures & Loans	81.60	−0.24	81.80	—	0.89
7	Preference	64.02	−0.29	64.21	—	0.40

	AVERAGE GROSS REDEMPTION YIELDS		Mon Feb 8	Fri Feb 5	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.07	12.57	11.90
2		15 years	13.67	13.52	12.29
3		25 years	13.44	13.90	12.38
4	Medium Coupons	5 years	15.36	15.19	13.46
5		15 years	15.22	15.05	13.46
6		25 years	14.64	14.48	13.45
7	High Coupons	5 years	15.44	15.35	13.41
8		15 years	15.36	15.19	14.09
9		25 years	14.99	14.85	13.85
10	Irredeemables		13.01	12.95	11.55
11	Debs & Loans	5 years	16.27	16.24	14.83
12		15 years	16.10	16.06	14.52
13		25 years	15.99	15.94	14.64
14	Preference		15.63	[illegible]	14.67

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCE PROPERTY BONDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
650	90	Falcon Rh.50c	93	......	Q25c	10.3	20.0
135	60	Roan Cons. K4	80	......	♦Q0.13	5.8	—
59	25	Wankie Col. Rh.1	25	......	Q3c	1.2	8.9
32	19	Zam.Cpr.SBD0.24	19	......	—	—	—

Australian

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
53	32	Acmex 50c	50	......	Q4c	—	4.9
41	14	ACM 20c	21	−1	—	—	—
21	4½	Argosy Gold NL 25c	5	......	—	—	—
229	134	Bond Corp.	150	......	Q10c	2.3	4.2
112	65	Bougainville I Kina	70	−5	‡Q25.4c	1.0	‡
302	150	CRA 50c	162	−2	Q19c	1.7	7.1
25	9	Canada Northwest	14	−1	—	—	—
35	11	Carr Boyd 20c	14	−1	—	—	—
415	42	Central Pacific	46	......	—	—	—
35	3	Cons. Gold Mn. N.L. 25c	3½	......	—	—	—
47	13	Cultus Pacific N.L.	17½	−½	—	—	—
68	22	Eagle Corp. 10c	23	−1	—	—	—
40	18½	Endeavour 20c	20	−½	—	—	—
560	290	G. M. Kalgoorlie 25c	290	−10	Q32½c	0.9	6.9
25	6½	Great Eastern	7	−1	—	—	—
185	56	Greenbushes Tin 50c	63	+3	Q6c	1.9	5.8

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	21	Anglo-Dominion	25	......	—	—	—
25½	12	Burma Mines 10p	14½	......	0.75	0.9	7.4
390	85	Colby Res. Corp.	100	......	—	—	—
330	200	Cons. Murch. 10c.	290	−2	Q60c	♦	11.0
10	5	‡‡Exploura Gold	7½	......	—	—	—
98	47	††Hemerdon 10c.	63	......	—	—	—
180	65	Highwood Res.	90	+5	—	—	—
505	205	Northgate C$1	220	+10	—	—	—
633	372	R.T.Z.	456	−9	16.0	2.3	5.0
£130½	£93½	Do.9½%Cv.Ln.'95-2000	£105	−2	Q9½%	—	9.4
103	13	††SPD Minerals 10p	18	......	—	—	—
47	15	Sabina Inds. C$1.	17	+2	—	—	—
44	21	‡Southwest C. 10p.	31	......	—	—	—
650	410	Tara Exptn. $1	425	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 20 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Irish	Price	+ or −
Albany Inv. 20p	42	......	Conv. 9% '80/82	£94⅞	......
Bertrams	17#	......	Nat. 9¾% 84/89	£64½	......
Bdg'wtr. Est. 50p	415	......	Fin. 13% 97/02	£72⅞	......
Craig & Rose £1	£12⅞	......	Alliance Gas	70	......
Finlay Pkg. 5p	26	......	Arnott	220	......
Graig Ship. £1	£23	......	Carroll (P.J.)	75	−2
Higsons Brew	68	......	Concrete Prods.	90	......
Holt (Jos) 25p	595	......	Helton (Hldgs.)	25	......
I.O.M. Stm. £1	135	......	Irish Ropes	57	......
Pearce (C. H.)	£10½	+¼	Jacob	60	......
Peel Hldgs.	116	......	T.M.G.	14	......
Sheff. Refrshmt	85	......	Unidare	53	−2
Sindall (Wm.)	200	......			

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	8	House of Fraser	15	Utd. Drapery	7
BOC Intl.	15	I.C.I.	24	Vickers	16
B.S.R.	8½	"Imps"	8	Woolworths	5
Babcock	10	I.C.L.	5½		
Barclays Bank	42	Ladbroke	15	**Property**	
Beecham	21	Legal & Gen.	19	Brit. Land	7½
Blue Circle	48	Lex Service	10	Cap. Counties	10
Boots	19	Lloyds Bank	42	Land Secs.	28
Bowaters	24	"Lots"	6½	MEPC	20
Brit. Aerospace	17	London Brick	7	Peachey	14
B.A.T.	38	Lucas Inds.	20	Samuel Props.	11
Brown (J.)	7	"Mams"	12	Town & City	3½
Burton Ord.	15	Mrks. & Spncr	12		
Cadburys	9	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	9	Brit. Petroleum	26
Debenhams	7	Nat. West. Bank	38	Burmah Oil	10
Distillers	15	P & O Dfd.	14	Charterhall	6
Dunlop	6½	Plessey	32	KCA	14
Eagle Star	31	Racal Elect.	55	Premier	6
F.N.F.C.	4	R.H.M.	6½	Shell	30
Gen. Accident	28	Rank Org. Ord.	20	Tricentrol	22
Gen. Electric	65	Reed Intnl.	26	Ultramar	38
Glaxo	42	Sears	6		
Grand Met.	17	Tesco	5½	**Mines**	
G.U.S. 'A'	45	Thorn EMI	42	Charter Cons.	25
Guardian	25	Trust Houses	11	Cons. Gold	45
G.K.N.	35	Tube Invest.	13	Lonrho	7
Hawker Sidd.	30	Turner & Newall	11	Rio T. Zinc	42
		Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

FINANCIAL TIMES

Tuesday February 9 1982

Rodgers in firing line as unions Bill strains SDP unity

BY PETER RIDDELL

MR WILLIAM RODGERS, one of the Social Democratic Party's leaders, was yesterday jeered by angry Labour MPs as he attempted to distance the SDP from both the Conservative and Labour parties during the Commons second reading debate on the Government's controversial Employment Bill.

The party yesterday faced its most crucial parliamentary test to date, with roughly two-thirds of its 27 MPs supporting the Bill, and the rest disagreeing.

The SDP was sharply criticised during the opening speeches by both Mr Norman Tebbit, the Employment Secretary, and Mr Eric Varley, Shadow Employment spokesman. During his speech, Mr Rodgers faced the strongest personal attacks the SDP has so far experienced, notably from Labour MPs over his previous sponsorship by a trade union. The Speaker repeatedly had to call for order.

Mr Rodgers set out to justify the SDP's support for what he described as a "modest" Bill though he went out of his way to attack Mr Tebbit—"an ugly speech from an ugly man."

Mr Rodgers argued that he had changed his mind since he was a Labour minister following the "union excesses" during the "winter of discontent" of 1978/79 and because of the unions' failure to reform themselves.

The SDP, he argued, would seek to improve the Bill at the committee stage by pressing amendments to secure industrial democracy, *to provide for ballots in* internal union decisions and to allow the political levy to be paid to the party of the union member's choice.

For Labour, Mr Varley argued that the Bill would create "bitterness and divisions in industrial relations" and he pledged that Labour would repeal it at the earliest opportunity. He did not, however, say anything about the threat of protests and strikes against the Bill made by some union leaders.

Introducing the Bill, Mr Tebbit said there was nothing new about the proposals which, he claimed, were "widely welcomed throughout the country." He noted the SDP's call for internal union ballots but said it was right to go "only one step at a time."

SDP leaders are anxious about the impact which the party's divisions over union reform may have at a time when its opinion poll popularity has been falling and the SDP/Liberal Alliance has been going through a difficult period because of the talks about the allocation of parliamentary seats.

They hope that a boost will be given to the party's momentum if Mr Roy Jenkins wins the Glasgow Hillhead by-election, which will probably be held at the end of March or early in April. SDP leaders will probably try to rally their members at the party's constitutional convention in London this weekend.

Parliament, Page 10
Feature, Page 17

Bank of England issues £750m tap

By Max Wilkinson

THE Bank of England yesterday launched a £750m short tap—13¼ per cent Exchequer 1987 "A," issued at £93.25 per cent. The gross redemption yield is 15.23 per cent.

The stock has been issued on a partly-paid basis, with 20 per cent paid on issue, 35 per cent to be paid on March 8 and the remainder on April 5.

The tap was issued on a Monday instead of the usual Friday because of the extra volatility in the markets on Fridays ahead of the weekly U.S. money supply figures.

The Bank would have liked to issue a new short-dated stock earlier to replace the 14 per cent Exchequer 1986, which ran out on January 19.

The tap is also intended to refinance the maturity of Treasury 14 per cent 1982, which comes up for redemption next month.

The launch was delayed because of the uncertainty of market sentiment resulting from U.S. policies. In general, the Bank's funding operation appears to be going well, and the authorities are relaxed about public borrowing.

The new stock will be operated as a tap from the opening of business tomorrow morning. It will be sold directly in the market rather than through the normal procedure of tenders.

This is the third time a fully-fledged gilt-edged stock has been sold directly. The main reason is to avoid a clash with next week's U.S. money supply figures.

Strikes push BR £50m over financing limit

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL told its unions yesterday that it had exceeded its external financing limits for this year by more than £50m because of the train drivers' strikes.

Another strike today is expected to halt all BR services again. However, the independent inquiry into the dispute, chaired by Lord McCarthy, will begin taking evidence today from three of the parties involved—*though not from the* Associated Society of Locomotive Engineers and Firemen, which has called the strike and still boycotting the inquiry.

Aslef leaders also refused to attend a meeting of the Rail Council, the industry's highest consultative body, called yesterday to allow BR to detail the financial effects of the strikes.

Leaders of the National Union of Railwaymen and the white-collar Transport Salaried Staffs' Association criticised Aslef for refusing to attend.

BR had expected to undershoot its £920m external financing limit for 1981-82 by about £10m. However, the BR board told the unions it was more than £50m over the limit. It the strikes continued for the rest of this month, this would exceed £90m.

Technically, BR has to ask the Government if it can exceed this limit on funds which can be obtained by BR from Government sources—including loans and passenger service grants—in a financial year.

BR has not yet done so, but it is understood that under new proposals for nationalised industries' limits for 1981-82, some roll-over will be allowed—though it will have to be recouped from next year's figure.

That has been set at £950m, already considerably less than BR wanted.

It was made clear to union leaders yesterday that, while the Government may relax BR's short-term borrowing ceiling of £100m to let it pay its wages—an approach from BR is expected within a fortnight—it is unlikely to fund the effects of the dispute.

The overshoot will therefore have to be clawed back through either increased revenue or lower costs. BR will be reluctant to increase fares and charges because of the impact on its business at a time when it might expect to be trying to recover from the strikes, so restrictions on manpower costs are more likely.

Mr Cliff Rose, BR's board member for industrial relations, acknowledged yesterday that this could mean a revision of BR's target of reducing its manpower by 26,000—though no firm figure has yet been put on the new numbers involved.

Cuts in track mileage, or in the regularity of track and rolling stock maintainance, are also likely.

BR told its unions that permanent loss of traffic from the strike would represent a *shortfall in revenue of £50m-£150m.*

However, the position has been slightly eased by the fact that BR's losses for 1981 are marginally less than originally predicted. The 1981 loss of *£33m disclosed to the unions* yesterday compares with a loss of £76.9m in 1980, though the Government gave BR an extra £110.4m in grant in November to reduce its losses because of an exceptional fall in revenue.

Mr Sid Weighell, NUR general secretary, said after the Rail Council meeting that nobody would win in this dispute. "No matter what happens now, everybody will have lost."

Today's Aslef strike will go on as the McCarthy inquiry meets to take evidence from BR, the NUR and the TSSA. Lord McCarthy said yesterday after meeting the other inquiry members that a further initiative to draw Aslef to the inquiry was not a "practical possibility."

BR and the other two unions hope for a report from the inquiry in a few days. However, the Aslef executive is still expected to decide today on further strikes next week.

Hostility greets U.S. budget proposals

By Anatole Kaletsky in Washington and David Lascelles in New York

PRESIDENT REAGAN'S $757bn (£406.6bn) budget proposals for 1983 yesterday met immediate hostility from congressional leaders and scepticism from Wall Street.

Mr Reagan had invited both Democratic and Republican politicians to the White House to discuss his budget proposals, formally submitted yesterday.

He was told by Mr Tip O'Neill, the Speaker of the House of Representatives and leader of the Democrats, that he disagreed with "80 per cent of what the President said" in justifying his budget.

Sen Howard Baker, the Republican leader in the Senate whose support is essential, challenged the claim that no cuts could be made in the rapidly-growing defence budget.

Other congressmen, including Mr Robert Byrd, the Senate Democratic leader and Mr James Jones, Chairman of the House budget committee, said the budget figures were "phoney" and, according to Mr Jones, based on "Alice in Wonderland" economic assumptions.

In New York both stock and bond prices were weaker in early trading as Wall Street reacted to the budget deficit projections. Chase Manhattan, the New York bank, and Marine Midland increased their prime rate from 16½ per cent to 16¾ per cent, the level set last week by all other main banks.

The two banks had held back, apparently believing the latest surge in U.S. interest rates might prove transitory. That is not turning out to be the case.

The overall market reaction was muted, however, as the budget contained no nasty surprises.

The general view on Wall Street is that the Budget will do little to solve the greatest problem bedevilling the financial markets and the economy—high interest rates — although Mr Reagan devoted a large part of the budget message to justifying the huge deficits he sees in the years ahead.

In Washington there is growing consensus that the President is unlikely to push his proposals through Congress without major changes.

Mr Robert Dole, the Republican chairman of the Senate finance committee, said: "The Republicans I have talked to are frightened of the budget deficits." Nobody expected Congress to approve the whole programme in its present form, he said.

The most widely discussed alterations are cuts in military spending and deferring the 10 per cent income tax cut planned for 1983.

Calls for military spending reductions are coming even from right-wing Republicans.

U.S. budget details, Page 4

French may act against Japan

BY TERRY DODSWORTH IN PARIS

THE FRENCH Trade Ministry is considering protectionist measures against some Japanese imports. The products include microelectronics, optics and motorcycles.

France has become alarmed this year about the rapid rise in Japanese imports, which are growing faster than French exports to Japan.

The protectionist proposals, by the Ministry's recently-established Centre d'Observation et de Prévisions, are part of a three-point programme which envisages co-operative associations with Japanese industry and an intensified attack on the Japanese market by French companies.

They have been drawn up in time for a visit to Japan next month by M Michel Jobert, the French Trade Minister, who will be followed to Toyko in April by President François Mitterrand.

M Jobert has stressed that he is seeking not "confrontation, but association" in establishing a new base for Franco-Japanese trade. Apart from the threat of temporary embargoes the plan holds out suggestions for co-operative ventures for energy and raw material exploitation, and possibly in high-technology industries.

Resources could be pooled in the energy field where the two countries have similar interests, and technological co-operation lead to exchanges in such sectors as biotechnology or information systems.

Under the French proposals, a period of protection in threatened sectors would be used to restructure industries, if possible in a European context.

In industries like electronics, optics or motorcycles the French would like to see a co-ordinated European reorganisation and investment plan.

They have also called for a common policy on Japanese investment.

Although no official policy statement has been issued by the Trade Ministry, on the proposals for protection in new areas, the Centre's thinking appears close to that of M Jobert. He told the Institute of Higher Studies for National Defence recently that some sectors threatened with collision must be temporarily protected until they "pepped up."

Biffen softens approach to Tokyo, Page 5

Weather

UK TODAY

MAINLY cloudy with occasional rain or drizzle.

England and Wales

Cloudy, occasional rain or drizzle. Wind southwesterly, fresh or strong with gales on exposed western coasts. Mild. Max. 12C (54F).

N. Ireland, Isle of Man, S.W. Scotland, Glasgow

Sunny intervals, scattered showers. Wind southwesterly, strong to gale. Max. 7C (45F).

Borders, Edinburgh, Aberdeen

Mostly dry, sunny intervals. Wind southwesterly, strong. Max. 6C (43F).

Rest of Scotland

Sunny intervals, occasional showers falling as snow over high ground. Wind southwesterly, strong to gale. Cold. Max. 6C (41F).

Outlook: Unsettled, windy, near normal temperatures.

WORLDWIDE

	Y'day midday	°C	°F
Ajaccio	F	15	59
Algiers	F	17	63
Amsdm.	F	6	43
Athens	S	13	55
Bahrain	R	14	57
Barclna.	F	14	57
Beirut	S	14	57
Belfast	R	5	41
Belgrd.	C	8	46
Berlin	R	4	39
Biarritz	C	12	54
Bmghm.	C	5	41
Blackpl.	C	6	43
Bordx.	C	10	50
Boulgn.	S	7	45
Bristol	C	7	45
Brussels	F	7	45
Budpst.	Fg	−1	30
Cairo	—	—	—
Cardiff	C	5	41
Cas'b'ca	S	19	66
Cape T.	—	—	—
Chicg.†	—	—	—
Cologne	C	—	—
Cpnhgn	Sn	0	32
Corfu	S	14	57
Denvert	—	—	—
Dublin	R	9	48
Dbrvnk.	S	12	54
Edinbgh.	C	5	41
Faro	S	16	61
Florence	C	8	46
Frankft.	C	7	45
Funchal	—	—	—
Geneva	F	10	50
Gibrltr.	F	17	63
Gl'sg'w	R	9	48
G'nsey	F	9	48
Helsinki	S	−15	5
H. Kong	C	16	61
Innsbrk.	F	4	39
Invrnss.	C	4	39
I.o Man	R	7	45
Istanbul	S	5	41
Jersey	S	9	48
Jo'burg	—	—	—
L. Pims.	C	20	68
Lisbon	F	13	55
Locarno	F	7	45
London	C	7	45

	Y'day midday	°C	°F
L. Ang.†	—	—	—
Luxmbg.	C	6	43
Luxor	—	—	—
Madrid	S	10	50
Majorca	C	15	59
Malaga	F	15	59
Malta	S	15	59
M'chstr.	C	5	41
Melbne.	—	—	—
Mx. C.†	—	—	—
Miami†	—	—	—
Milan	C	5	41
Monrl.†	Sn	−7	19
Moscow	S	−14	7
Munich	F	11	52
Nairobi	—	—	—
Naples	C	13	55
Nassau	—	—	—
Nwcstl.	S	5	41
N. York†	S	0	32
Nice	F	13	55
Nicosia	F	15	59
Oporto	S	13	55
Oslo	Sn	−7	19
Paris	F	9	48
Perth	S	26	79
Prague	C	5	41
Rykjvk.	Sn	0	32
Rhodes	S	12	54
Rio J'ot	—	—	—
Rome	C	14	57
Salzbrg.	C	6	43
S'cisco†	F	8	46
S. Mritz.	—	—	—
Singapr.	—	—	—
Stckhm.	C	−5	23
Strasbg.	C	9	48
Sydney	—	—	—
Tangier	S	19	66
Tel Aviv	S	14	57
Tenerife	C	21	70
Tokyo	C	6	43
T'nto†	S	−10	14
Tunis	S	19	66
Valencia	S	14	57
Venice	Fg	1	34
Vienna	Fg	0	32
Warsaw	C	2	36
Zurich	C	7	45

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

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Laker

making "a thumping great loss."

If, when in private hands, it continued to lose money, he said, he felt it would "go to the wall" if necessary.

"Remember that while it was extremely melancholy that Sir Freddie has gone into receivership, he is costing the taxpayer not one single penny. That is more than can be said for all the nationalised companies."

● Mr Norman Lamont, Industry Department Minister, told the Commons last night that the Government provided £5,460,000 interest rate support to the purchase of the A300 Airbus aircraft by Laker Airways.

Charters

Continued from Page 1

shortage of low-priced seats to New York, Los Angeles and San Francisco.

The problem for both Jetsave and British Caledonian could be finding the aircraft to make the run. "We simply do not have jets kicking around," said British Caledonian last night.

For what would almost certainly be a relatively short season neither Jetsave (which does not own aircraft) nor British Caledonian would be willing to buy or take a long lease on the necessary wide-bodied jet. Both might seek short leases of equipment.

Jetsave runs an ABC programme into Canada on chartered British Airtours jets and has a healthy business into the U.S. using chartered British Airways 747s out of Manchester.

One of the major selling points of ABCs is that, unlike Skytrain seats or scheduled airline tickets, they are covered both by Air Tour operating bonds, of the type used to rescue and refund Laker and Arrowsmith tour customers, and by the Air Travel Reserve Fund. This was set up in the wake of the Court Line collapse in the early 70s to provide extra funds to return stranded travellers.

Newman ceramics to be merged

BY RAY MAUGHAM

NEWMAN INDUSTRIES, the money-losing electric motors and engineering products group, is to merge its troubled UK ceramics interest with Weymek, a small privately-owned pottery company. Weymek is backed by United Kingdom Temperance and General Provident Institution, a leading assurance company.

UK Provident will raise its support for the pottery company from £370,000 to nearly £1m after the merger. It claimed yesterday that the deal "would preserve, directly or indirectly, 1,000 jobs. Weymek is at Meir while Newman's ceramics interests are at Tunstall and Longton, also Stoke-on-Trent.

Newman said its ceramics interests in Britain "had been a major cause of the recent disappointing performance of the whole group".

It has agreed, with the backing of its principal shareholder, Cycle and Carriage of Singapore, to merge the division into a new company at Stoke.

The division was formed eight years ago by two executives of Staffordshire Potteries.

Mr John Williams, chairman of Newman for 18 months and a successor to Mr Alan Bartlett, will step down when the merger is complete. He felt it significant that "the merger could not have been achieved without further substantial support from Cycle and Carriage."

The Singapore trading group injected much-needed equity almost 18 months ago when it subscribed for £8m in an equity and loan stock rescue package *for Newman. It took three New*man board seats. Conversion of the loan stock will give C and C 51.4 per cent control of Newman.

Newman will put a £1.4m loan into the merged company, called Federated Potteries, with funds from Cycle and Carriage to be secured against Newman's assets.

News analysis, Page 18

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Malaysia

producers' organisation, but, like Indonesia, emphasised it did not favour a cartel.

Bolivia added its voice to the tin producing countries' bitter opposition to the selling of surplus tin from the U.S. strategic stockpile. It said the U.S. action was "catastrophe" for its economy.

Yesterday Bolivian tin mines were *reported to be paralysed* by a 48-hour stoppage to protest against Government economic measures.

Tin prices held steady on the London Metal Exchange in spite of a big increase in warehouse stocks, a fall in the Malaysian market at the weekend, and a general decline in other metals.

Exchange officials take the view that the limit set last week on potential losses by sellers was imposed only to prevent the market being wrecked by possible bankruptcies and default.

The intention was not to depress prices, which have risen sharply in the past week.

THE LEX COLUMN

High beta for gamma rays

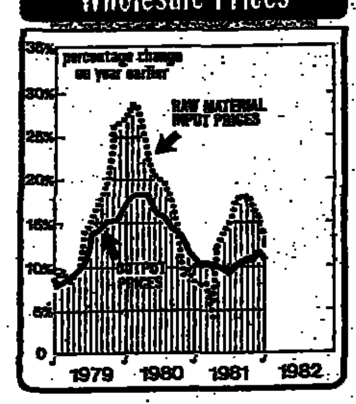
Most of the Government's privatised offerings have been tricky to price, and this will certainly be true in the case of its imminent stock market offering Amersham International. This well established company, which for years has been tucked obscurely away within the Atomic Energy Authority, is a specialist in radioactive chemistry and trading as it does in fields such as the radio-immunoassay in-vitro market it should satisfy the stock market's current taste for high technology operations. There has been pressure on the Government to agree to an offer for sale by tender as a way of avoiding an embarrassingly large premium if the stags get out of control; but it now looks as though the issue will go ahead as a straight offer.

The problem is that there is a limit to the rating at which an issue can be underwritten, but there is no telling how the *market will value a share* like this. Its main U.S. competitor New England Nuclear was bought out at a fancy earnings multiple by Du Pont about a year ago, and Amersham is in many ways comparable to some of the health care glamour stocks which sell on very high ratings in the U.S. However, restrictions on share ownership will ensure that Amersham stays independent.

But however glamorous Amersham's activities in diagnostic products, research chemicals and radiation sources may be, the profit record is not especially exciting. Pre-tax profits peaked back in 1977-78 at £6.66m, and the year to last March could produce only £4.09m. However, the more favourable trend in sterling will have had a powerful effect given $1st perhaps 80 per cent of sales are made abroad; the bringing of the new Cardiff plant on stream will also have helped. Thus brokers Quilter Goodison are projecting that profits will more than double to perhaps £8.3m in the year ending next month. On a fully taxed p/e of 18 to 20, that could put a value of nearer £70m than £60m on Amersham, though the Government may decide to pump a few £m back into the company.

Index fell 7.4 to 570.7

Wholesale Prices



Times losses

Losses of £15m this year from Times Newspapers, before redundancy costs, come at a time when the News International group's other UK activities are under pressure, and capital spending has been running at a high level. Last October, the group was still hoping to make an overall profit in 1981-82, albeit much lower than last year's £26.1m pre-tax.

Instead, the Times losses have pushed the whole group into the red, and since News probably has all the tax allowances it needs, the tax cushion may be limited.

Capital spending last year totalled nearly £20m, so the Australian parent, News Corporation, may now be facing a cash drain of some size. Against that, the recent cover price increase on the Sun could bring in very roughly £14m. But with debt representing about three-quarters of the Corporation's £185m stockholders' funds, there is not all that much room for manoeuvre.

Ship Canal

With net assets of three or four times market capitalisation and a yield in the teens, the Manchester Ship Canal Company has had its devotees at periods over the last few years, not least the BBC News Pension Scheme, which has a 5 per cent stake. But now the dividend has been passed completely, and last year's loss of £3.2m would have been exceeded by a third in 1981 but for the sale of all the company's quoted investments at a profit. Yesterday's (unchanged) share price of 105p compares with net assets of about 960p.

There seems little prospect of much recovery in canal operations. Volume fell another 6 per cent last year and for the first time since the canal opened 88 years ago there is now no general cargo brought up into Manchester. Additional state support for the Liverpool docks may increase the difficulties.

Rental income from property assets is growing, but it still only £1.3m and industrialists turn their noses up at the unutilised and unserviced land assets in the balance sheet.

With perhaps £5½m cash from the sale of investments, the company may get through the next couple of years before liquidity pressure builds up. Meanwhile, the Labour City councillors who dominate the Board (under the terms of the loan capital) are hardly archetypal asset strippers. With the May local elections approaching could the company become the first SDP breakthrough stock?

Surprise tap

The weekly jolt of the U.S. money supply figures on a Friday evening has disturbed the City's weekend routine, and now even the Bank of England has had to change its habits. It no longer feels able to price a new gilt-edged stock a matter of hours before the U.S. money supply figures are released, since Monday frequently brings quite sharp adjustments in the market level.

More annoyingly still for the Bank, plenty of investors keep trying to derive a view of the U.S. money figures from its decision on whether or not to issue new stock, on the flattering, but probably erroneous assumption that all central banks know the figures miles in advance. So the Bank held over its new short tap, £750m of Exchequer 13¼ per cent 1987, until yesterday, a pattern which may be repeated as long as the U.S. monetary data remain so unstable.

The compression of the new issue timetable rules out an offer for sale—which would clash with this week's U.S. money figures—and the stock is therefore being supplied direct to the market, like the emergency issue of the 15¼ per cent 2000-03 in November 1979. Both these stocks went on the menu at the Battle of Watling Street, and the Bank may harbour a superstitious reluctance against offering them direct to the public.

The Bank may not have privileged knowledge of the U.S. money figures, but it certainly knows the UK money supply indication for the month to mid-January, which will be published this afternoon. The new stock would surely not have been brought out if these figures were very bad, but there seems no reason to suppose that they must be excellent. A rise of 1 per cent or so would be acceptable enough, particularly since banking February has so far seen a good deal of funding. For the rest, the wholesale prices yesterday were satisfactory, and both sterling and gilt-edged responded relatively well to the increasingly noisy clash of fiscal and monetary policy in the U.S.

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